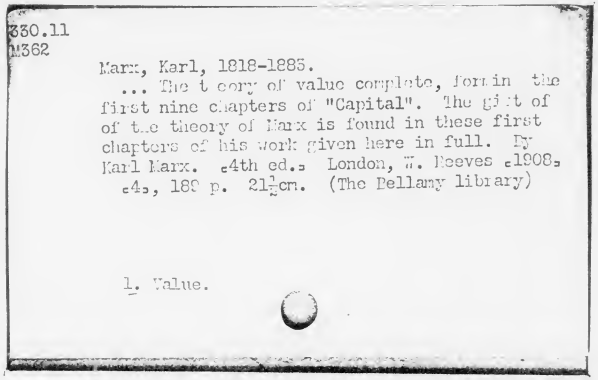
Marx, Karl

The theory of value, complete

London

[1908]



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Marx, Karl, 1818-1883.
... The theory of value complete, form in the first nine chapters of "Capital". The gist of of the theory of Marx is found in these first chapters of his work given here in full. By Karl Marx. [4th ed.] London, W. Reeves [1908], [4], 189 p. 21½cm. (The Bellamy library)

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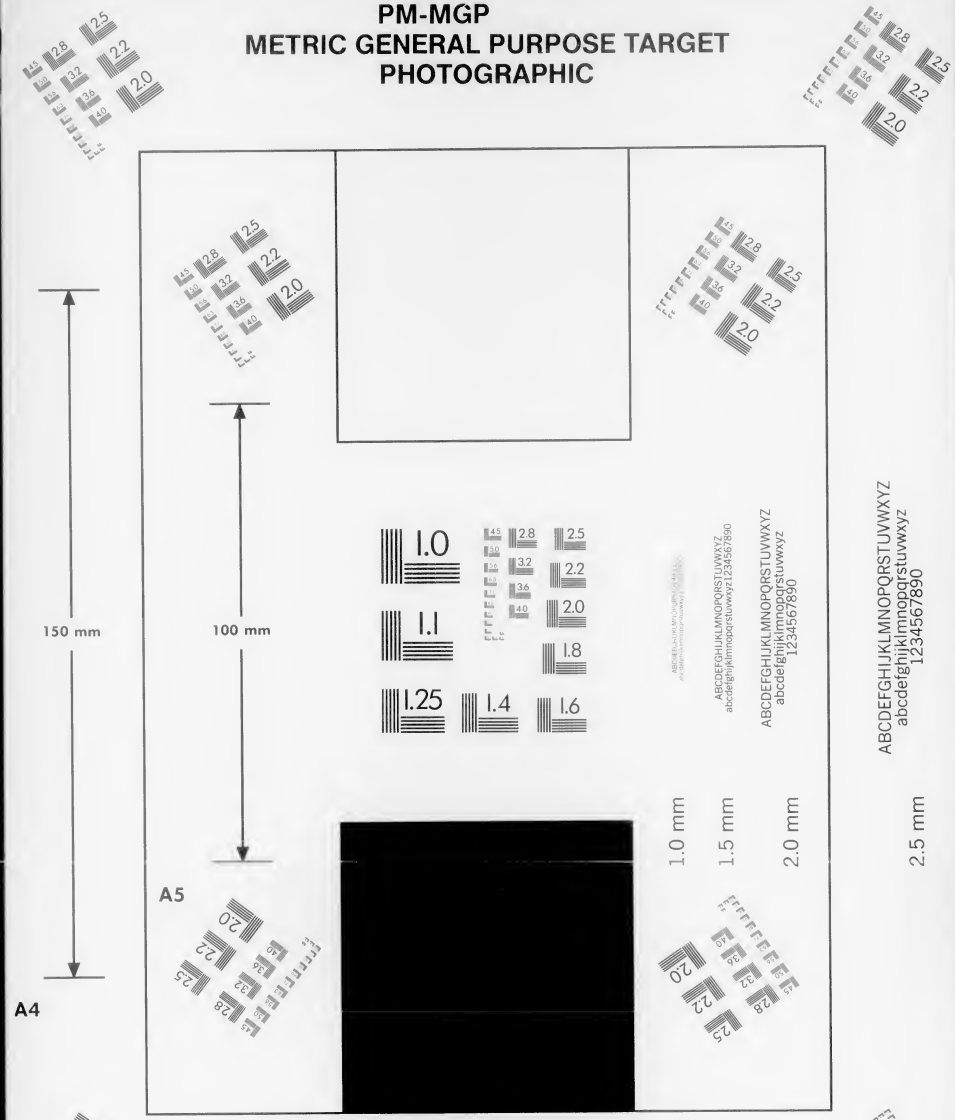

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THE

THEORY OF VALUE

COMPLETE

Forming the First Nine Chapters of "Capital."

The Gist of the Theory of Marx is found in these first chapters of his work given here in full.

BY

KARL MARX.

LONDON:
WILLIAM REEVES, 83, CHARING CROSS ROAD, W.C.
Publisher of Social and Political Works.

Fourth Edition.

Printed by New Temple Press, 17, Grant Road, Croydon.

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Capital:

A Criticism on Political Economy.

CHAPTER I.

Commodities.

1.—*The two Factors of a Commodity: Use-value and Value (Substance of Value, Extent of Value).*

The wealth of a community in which the capitalist mode of production prevails, appears as an "immense collection of commodities,"(*a*) the single commodity being its elementary form. Our researches must, therefore, begin with the analysis of a commodity.

A commodity is firstly an external object, a thing which by means of its properties satisfies, in some way or other, a human necessity. The nature of this necessity—whether, for example, it proceeds from the stomach or from the fancy, makes no difference in the thing itself.(*b*) The question now is not how the object supplies human necessity, whether directly, as a means of subsistence or an object of enjoyment, or in an indirect way, as a means of production.

Any useful thing, such as iron, paper, &c., is to be considered in two aspects, its quality and its quantity. Any such thing is a total of many parts or properties, and may

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a Karl Marx: "A Critique on Political Economy" (Berlin 1859) page 4.

b "Desire implies want; it is the appetite of the mind, and as natural as hunger in the body . . . . the greatest number (of things) have their value from supplying the wants of the mind." Nicholas Barbon, "A discourse on coining the new money lighter, in answer to Mr. Locke's Considerations, &c." (London, 1696) pp. 2, 3.

therefore be useful in different ways. To discover these various ways, and consequently the multifarious modes in which an object may be of use, is a work of time.(*c*) So, consequently, is the finding of the social measure for the quantity of useful things. The diversity in the mass of commodities arises partly from the different nature of the objects to be measured, and partly from convention.

The usefulness of a thing constitutes its Use-value.(*d*) But this usefulness does not float in the air. It is conditioned by the properties of the commodity, and does not exist without them. The commodity itself, as for example iron, wheat, a diamond, &c., is therefore a Use-value, or a benefit. This characteristic is independent of the greater or lesser quantity of labour spent in the appropriation of its useful properties by man. In the consideration of Use-values their quantitative definition is always pre-supposed, as for example a dozen watches, an ell of linen, a ton of iron, &c. The Use-values of commodities furnish the basis of a special knowledge—the knowledge of commodities.(*e*) The Use-value is realised only in use or consumption. Use-values constitute the actual basis of wealth, which is always their social form. In the social form we are about to consider they constitute also the material bearers of Exchange-values.

Exchange-value appears as the quantitative ratio or proportion in which Use-values of one sort are exchanged for Use-values of another sort(*f*)—a ratio which continually varies

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c "Things have an intrinsick vertue [this is with Barbon the specific term for Use-value] which in all places have the same vertue; as the loadstone to attract iron," p. 16. The property of the magnet to attract iron first became useful when, by means of it, magnetic polarity had been discovered.

d "The natural worth of anything consists in its fitness to supply the necessities or serve the conveniences of human life." John Locke, "Some Considerations on the Consequences of the Lowering of Interest," 1691 ("Works," London, 1777, vol. II., p. 28). In the 17th century we still find English writers frequently using "worth" for "Use-value," and "value" for "Exchange-value," quite in the spirit of a language which prefers to express the direct object in the German idiom and the reflective in the Roman.

e Amongst ordinary people the *ficto juris* prevails that every man, as a buyer of commodities, possesses an encyclopædic knowledge of them.

f "Value consists in the Exchange-ratio which exists between a certain thing and a certain other thing, between a given quantity of one thing, and a given quantity of another." Le Trosne, "De l'Intérêt Social," (Paris, 1846), p. 889.

with time and place. Exchange-value would seem, then, to be something fortuitous and purely relative, and the innate Exchange-value of a commodity (its "intrinsic" value) a *contradictio in adjecto*. (*g*) Let us look at this matter more closely.

A certain commodity—a quarter of wheat for example, is exchangeable with *x* blacking, or with *y* silk, or with *z* gold, etc.,—in short, with other commodities in different proportions. The wheat has thus several Exchange-values instead of one. But as either *x* blacking, or *y* silk, or *z* gold, is the Exchange-value of one quarter of wheat, the *x* blacking, *y* silk, and *z* gold, must be interchangeable one with the other, or in other words, must be of equal Exchange-value. It follows therefore, firstly, that the valid Exchange-values of a commodity express an equality; and secondly, that the Exchange-value of a commodity can generally be only the mode of expression, the "phenomenal form," of a commodity of a nature distinct from itself.

Let us further take two commodities, wheat and iron. Whatever the Exchange-ratio, it is always to be represented by an equation, in which a given quantity of wheat is compared with a given quantity of iron, *e.g.*, one quarter of wheat = *a* cwts. of iron. What does this equation mean? That a common quality exists to the same extent in two diverse things—in a quarter of wheat and also in *a* cwts. of iron. Each is also equal to a third, which differs from both. Each of the first two, so far as regards Exchange-value, must therefore be reducible to the third.

A simple geometrical example will serve to illustrate this. In order to determine and compare the superficies of all rectilinear figures they are resolved into triangles. The triangle itself is reduced to an expression quite different from its apparent form—half the product of its base and its perpendicular. In the same way the Exchange-values of commodities are likened to a common quality, more or less of which quality they represent.

This common quality cannot be either a geometrical, physical, chemical, or other natural property of the commodities. Their natural properties only come into consideration because they make them useful—that is in connection with their Use-values. But on the other hand, it is precisely these Use-values in the abstract which apparently characterise

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g "Nothing can have an intrinsick value." N. Barbon, p. 16. Or as Butler has it—

"The value of a thing
Is just as much as it will bring."

the Exchange-ratio of the commodities. In itself, one Use-value is worth just as much as another if it exists in the same proportion. Or, as old Barbon says:—"One sort of wares are as good as another if their value be equal. There is no difference or distinction in things of equal value. . . . . One hundred pounds' worth of lead or iron, is of as great a value as one hundred pounds' worth of silver or gold." (*h*) As Use-values commodities can only be of different quality; as Exchange-values they can only be of different quantity, containing not an atom of Use-value.

If we separate Use-values from the actual material of the commodities, there remains one property only—that of the product of labour. But the product of labour is already transmuted in our hands. If we abstract from it its Use-value, we abstract also the stamina and form which constitute its Use-value. It is no longer a table, a house, yarn, or any other useful thing. All its perceptible qualities are effaced. It is no longer the product of the joiner's labour, or the builder's labour, or the spinner's labour, or of any given productive labour. With the vanishing of the useful character of the labour-product, vanishes also the useful character of the labour represented by it; the different concrete forms of that labour disappear also, and are no longer distinguishable, but are all reduced together to similar human labour—abstract human labour.

Let us now regard the residuum of the labour-product. Nothing remains but this spectral objectivity,(*i*) a mere protoplasmic mass of promiscuous human labour, *i.e.*, the mere human labour expended, irrespective of the form in which it was expended. The things now only show that human labour was required for their production—that human labour is stored up in them. As crystals of this common, social entity, they are Commodity-values.

In the Exchange-ratio of commodities their Exchange-value appears to us as something altogether independent of their Use-value. If we now in effect abstract the Use-value from the labour-products, we have their value as it is then

h The word "value" as used by Barbon is rendered by Marx "Tauschwerth" (Exchange-value). Cf. Note *d*, *ante*.—J. B.

i Marx's expression is "gespenstige Gegenstandlichkeit," and his idea evidently is, that after abstracting from the said labour-product its Use-value, nothing is left but the result of abstract labour, a spectral something which he likens to "eine blosse Gallerte unterschiedsloser menschlicher Arbeit," a homogenous, gelatinous mass of indistinguishable human labour.—J. B.

determined. That common property which is represented in the Exchange-ratio, or the Exchange-value of the commodity, is thus its value. The progress of our investigation will lead us back to the Exchange-value as the necessary form of expression (or visible form) of the value of the commodity, which, however, must first be considered apart from this form.

A Use-value, or property,(*k*) only has a value because abstract human labour is stored up or materialised in it. How is the extent of this value to be measured? By the quantity of "value-forming material," or labour, which it contains. The quantity of labour is measured by its duration, and the duration of labour is divided into given periods of time, as an hour, a day, and so on.

It may at first appear that if the value of a commodity is determined by the period of time over which the labour necessary for its production extends, the more idle or unskilful a man is the more valuable will be his commodities, because he consumes more time in finishing them. But the labour which forms the material of value is equable human labour—the expenditure of level human labour-power. The combined labour-power of the community, represented by the value of the world's commodities, means here one and the same human labour-power, although it consists of the labour-power of innumerable individuals. The labour-power of any of these individuals is the same as that of any other of them, insomuch as it bears the character and has the effect of a social average labour-power, and consequently in the production of a commodity only the average time-labour commonly required for that production is consumed. Socially necessary time-labour is the time-labour requisite for the production of a given Use-value, under existing normal conditions of production, and with the average degree of skill and intensity of labour. For example, after the introduction of power-looms in England half the labour formerly required probably sufficed for the conversion of a given quantity of yarn into manufactured material. The English hand-weaver spent over the conversion of that quantity the same period of labour after as before, no doubt, but the product of his individual hour of labour now represented only half the machine hour of labour, and fell therefore to half its former value.

It is thus only the quantity of socially necessary labour, or the socially necessary time of labour for the establishing of

k "Gut," or "good," as the singular form of the English plural "goods."—J. B.

a Use-value, which regulates its extent of value.(*l*) The single commodity here serves, in general, as an average example of its class.(*m*) Commodities which represent the same quantity of gross labour, or which can be produced in the same labour-time, have therefore the same extent of value. The value of one commodity is in the same proportion to the value of any other commodity as the period of time necessary for the production of the one bears to that necessary for the production of the other. As values, all commodities are but a given mass of condensed labour-time.

The extent of value of a commodity would therefore remain constant if the duration of labour necessary for its production remained constant. But the latter varies with every change in the productive power of the labour. The productive power of labour is conditioned by many circumstances; amongst others, by the average degree of skill of the workman, by the gradual advances in knowledge and their technological adaptability, by the social combination of the processes of production, by the extent and effective power of the means of production, and by natural circumstances. The same quantity of labour will represent, for example, in a favourable season, eight bushels of wheat, and in an unfavourable season only four bushels; the same quantity of labour will produce more metal in a rich mine than in a poor one, and so forth. Diamonds occur at rare intervals in the earth's crust, and to find them costs, therefore, a large average duration of labour. Jacob doubts whether gold has ever paid its full value; and this applies still more closely to diamonds. According to Eschwege, the entire profits, in 1823, of the whole yield of the diamond fields of Brazil for eighty years had not reached the price of the average product of the Brazilian sugar and coffee plantations for eighteen months, although the former represented much more labour, and therefore a much greater value. In richer fields the same quantity of labour would produce more diamonds, and their value would fall. If it were possible with little labour to convert coke into diamonds, their value would fall below that of bricks. Speaking in general terms, the greater is the productive power of labour the shorter is the labour-period requisite for the production of an article, the smaller is the mass of labour crystallised in it, the lower its value. Conversely, the smaller is the productive power of labour the longer is the labour-period requisite for the production of an article, the higher its value. The extent of value of a commodity varies in direct proportion to the quantity, and in inverse proportion to the productive power, of the labour materialised in it.

A thing may be a Use-value without being a value. This is the case if its usefulness to man is not the result of labour, as for example, air, virgin soil, natural meadow-ground, uncultivated timber, and so on. A thing may be useful, and the product of human labour, without being a commodity. Whoever by his own productions satisfies his own requirements, makes Use-values, but not commodities. In order to produce commodities he must not merely produce Use-values, but Use-values for others, social Use-values. And lastly, no thing can be a value, without also being an object of utility; if it is useless, the labour represented by it is useless, does not count as labour, and therefore forms no value.

II.—*The Duplex Character of the Labour represented by Commodities.*

We saw the commodity at first as a compound of Use-value and Exchange-value. Then we saw that labour, so far as it is expressed in value, only possesses that character so far as it is a generator of Use-value. This duplex nature of the labour represented by the commodity was first pointed out by me. I propose now to look into this matter more closely, and to show that it is the point upon which turns the due comprehension of political economy.

Let us take two commodities—say a coat and ten yards of linen, the former having double the value of the latter, so that if the ten yards of linen = W the coat = 2 W.

The coat is a Use-value, which satisfies a special necessity. In order to produce it, a given kind of productive power is required, which is conditioned by its purpose, its mode of operation, its means, and its result. That labour the utility of which appears in the Use-value of its product, or which is so presented in that product that it becomes a Use-value, we will call briefly, useful labour. From this point of view it will always be regarded in reference to its utility.

As the coat and the linen are qualitatively different Use-

l "The value of them (the necessaries of life) when they are exchanged the one for another, is regulated by the quantity of labour necessarily required, and commonly taken in producing them." "Some Thoughts on the Interest of Money in General, and particularly in the Public Funds, etc.," London, p. 36. This remarkable anonymous work of the last century is not dated, but there is internal evidence to show that it appeared in the time of George II., about 1739 or 1740.

m "Toutes les productions d'un même genre ne forme proprement qu'une masse, dont le prix se détermine en général et sans égard aux circonstances particulières." Le Trosne, p. 893.

values, so are the kinds of labour producing them also qualitatively different—tailoring and weaving. If the articles were not qualitatively different Use-values, and therefore the products of qualitatively different kinds of labour, they could not usually be interchangeable as commodities. A coat is not exchanged for another coat—a Use-value is not exchanged for a like Use-value.

In the multitude of different kinds of Use-values appears a multitude of different kinds of useful labour corresponding with their class, kind, and variety—a social division of labour. This is the condition of existence of the production of commodities, although on the other hand the production of commodities is not the condition of existence of the social division of labour. In the venerable community of India labour is socially divided without the products becoming commodities; or, to seek an illustration nearer home, in every manufactory the labour is systematically divided, although the division does not so operate that the workmen exchange their individual products. It is only the products of private concerns, which are complete in themselves and independent of each other, which are interchangeable as commodities.

We thus see that in the Use-value of a commodity is contained a certain quantity of productive power or useful labour adapted to a particular purpose. Use-values cannot be interchangeable as commodities if they do not represent qualitatively different useful labour. In a community the products of which take the form of commodities, *i.e.*, in a community of commodity-producers, this qualitative difference of useful labours which operate independently as private concerns of producers complete in themselves, reveals itself as a ramified system—as a social division of labour.

The coat remains the same in itself whether it be worn by the tailor or by his customer; in either case it operates as a Use-value. Just as little is the relationship between the coat and the labour which produces it changed in itself by the fact of tailoring having become a distinct trade, and an independent part of the social division of labour. Whenever the necessity for clothing has driven him to it, man has tailored for a thousand years before any individual has become a tailor. But the existence of the coat, the linen, or any other element of material wealth not finished by nature ready for man's use, must always be the result of a special productive power adapted to the required end, which assimilates the natural materials and fits them to satisfy human necessities. Useful labour, the constructor of Use-values, is therefore an essential condition of human existence apart from all forms of society,

an eternal necessity of nature, in order that the exchange of material between nature and man may be effected and adjusted to the requirements of human life.

The Use-value—coat, linen, etc., in short, the complete commodity, is a compound of two elements, natural material and labour. If we abstract the sum of all the different species of useful labour which are concentrated in the coat, the linen, etc., there will always remain a material substratum which is prepared by nature without the help of man. In his production man can only, like nature herself, change the form of the material(*n*). Yet further. In this labour itself he is constantly assisted by the powers of nature. Labour is thus not the only source of the material wealth resulting from the Use-values it produces. Labour is its father, as William Petty says, and the earth is its mother.

Let us now go from the commodity, so far as it is an object of utility, to the value of the commodity.

According to our supposition the coat is double the value of the linen. But this is only a quantitative distinction, which does not at the moment concern us. We will bear in mind, however, that if the value of a coat is double that of ten yards of linen, twenty yards of linen are equal in value to a coat. As values the linen and the coat are of similar kind, the objective form of a similar kind of labour. But tailoring and weaving are qualitatively different kinds of labour. There are communities to be found so circumstanced that the same men alternately work at tailoring and weaving, and in which these two kinds of work are therefore only a modification of the labour of the same individual, and have not yet become the settled functions of different individuals, so that the coat which the tailor makes to-day, and the hose which he will make to-morrow, are only varieties of work done by one and the same person. Evidence further proves that in our capitalist community, a given proportion of human labour changes from tailoring to weaving, according to the varying direction of the demand for labour. This change in the form

n "Tutti i fenomeni dell' universo, sieno essi prodotti della mano dell' uomo ovvero delle universali leggi della fisica, non ci danno idea di attuale creazione, ma unicamente di una modificazione della materia. Accostare e separare sono gli unici elementi che l'ingegno umano ritrova analizzando l'idea della riproduzione, e tanto è riproduzione di valore (Use-value, though Verri in his polemic does not himself rightly know of what kind of value he speaks) e di ricchezze se la terra, l'aria e l'acqua ne' campi si trasmutino in grano, come se colla mano dell' uomo il glutine di un insetto si trasmuti in veluto ovvero alcuni pezzetti di metallo si organizzino a formare una ripetizione." Pietro Verri, "Meditazioni sulla Economia Politica" (first printed in 1773).

of labour cannot take place without friction, but it must take place all the same. If we take away the exact sum of the productive activity, and consequently of the useful character of the labour, it is plain that nothing remains but an expenditure of human labour power. Tailoring and weaving, although qualitatively different productive activities, are both productive outlays of human brain, muscle, nerve, hand, &c., and in this sense are both human labour. They are only two modes in which human labour can be expended. No doubt human labour-power must be more or less trained in order to be expended in the one mode or the other. The value of a commodity always represents human labour—the output of human labour. As in civil society a general or a banker plays an important part, and ordinary individuals play parts less prominent,(*o*) so is it with human labour(*p*). It is the expenditure of that simple labour-power, which, on an average, each individual without any special cultivation possesses in his living organism. This simple average labour-power varies in character, of course, in different countries, and at different periods of progress, but in any given community it is fixed. Complicated labour is but concentrated or often-multiplied simple labour, so that a smaller quantity of complicated work is equal to a larger quantity of simple work. That this comparison always holds good is shewn by experience. A commodity may be the result of the most intricate labour, but its value is always compared with the product of more simple labour, and therefore represents only a fixed quantity of that more simple labour(*q*). The various proportions in which different kinds of labour are reduced to their measurable unit of simple labour, are fixed by a social process behind the backs of the producers,(*r*) and are made manifest to them by the results. For the sake of simplicity we may therefore

o Cf. Hegel's "Philosophie des Rechts," Berlin, 1840, p. 250, §190.

p Marx's meaning evidently is that though the general and the banker do important work, and the bulk of the community do commoner work, the whole work of the community is the combined mass of the average labour of a single individual.—J.B.

q It must be observed that this remark does not apply to the wages or money value which the workman receives for a given day's labour, but to the commodity-value by which his day's labour is represented. The question of wages does not at present come within the scope of our argument.

r Marx's expression is "hinter dem Rücken der Producenten," and his meaning no doubt is that the said process fixes these proportions by a law beyond the control of the producers of the commodities, who only see the working of that law by its results.—J.B.

directly regard every kind of labour-power as so much simple labour, and save ourselves the trouble of the process of reduction.

As therefore the difference in their Use-values is abstracted from the values of the coat and the linen, so also is the difference in the useful forms of tailoring and weaving abstracted from the labour represented in the coat and the linen. As the Use-values of the two articles arise from the union with cloth and yarn respectively of productive activity adapted to the required end, whilst the values of the articles are merely quantities of homogenous labour,(*s*) so also is the labour contained in these values to be regarded not in the light of its productive relations to cloth and yarn, but only as an expenditure of mere labour-power. Tailoring and weaving, by means of their different qualities, are the elements which form the *Use-values* of the coat and the linen; but they are only the *substance* of value of the coat and the linen in so far as those special qualities are abstracted from them, leaving them of equal quality—the quality of human labour.

Coat and linen, however, are not only values in a merely general sense, but values of a fixed extent, and according to our supposition a coat is worth twice as much as ten yards of linen. Whence arises this difference in their extent of value? From the fact that the linen only contains half as much labour as the coat, and for the production of the latter the labour-power must operate for double the time necessary to produce the former.

If with respect to the Use-value the labour contained in the commodity is to be regarded only in a qualitative aspect, with respect to its extent of value it is to be regarded only in a quantitative aspect, after it is already reduced to human labour without any other quality. The former is concerned with the why and the wherefore of the labour, the latter with how much, or with the duration of time. As the extent of value of a commodity represents only the quantity of labour which it contains, commodities must always be of a like extent of value in a fixed proportion.

If the productive power—say of the labour necessary to produce a coat—remains unchanged, the extent of value of coats will increase in proportion to their number. If one coat represents the labour of x days, two coats will represent the labour of $2x$ days, and so on. Suppose the labour necessary to produce a coat becomes double, or falls to half; in the former case one coat will be of as great a value as two

s "Gleichartige Arbeitsgallerte." Cf. Note, *ante*.—J.B.

vere formerly, and in the latter case two coats will be only of he same value as one was previously, although in both cases, before as well as after, the same labour must be done, and he useful labour stored in it, before as well as after, renders he same service. But the quantity of labour expended in its production has been changed.

A greater quantity of Use-value forms *per se* a greater amount of material wealth—two coats more than one. With wo coats, two men can be clothed; with one, only one; and so on. Notwithstanding this, the increase of the mass of material wealth may correspond with a contemporaneous decrease in its extent of value. This contradictory movement has its origin in the two-sided nature of labour. Productive power is, of course, always the productive power of useful, concrete labour, and determines only the measure of the effect, in a given time, of productive activity adapted to a desired end. Useful labour will therefore be a richer or poorer source of production in direct ratio to the rising or falling of its productive power. In comparison with this, the change of he productive power which represents the labour in value is, in itself, of no consequence at all. As the productive power appertains to the concrete, useful form of labour, it can, of course, no longer affect the labour when its concrete useful form is abstracted. The same labour, therefore, always gives he same *extent* of value in equal times, no matter how the productive power of labour may vary. But it yields in the same time different Use-values—more if the productive power rises, less if it falls. The same change of productive power which increases the fruitfulness of the labour, and consequently the collective mass of Use-values yielded by it, decreases at the same time the extent of value of this increased collective mass if it shortens the sum-total of the labour-time necessary for its production. The converse also holds good.

All labour is on the one hand the expenditure of human labour-power in a physiological sense, and in this capacity of equal human labour, or abstract human labour, it produces commodity-value. All labour is, on the other hand, the expenditure of human labour-power in a particular form adapted to a special end, and in this capacity of concrete useful labour, it produces Use-values(*t*).

t In order to prove "that labour is the final and real quality by which the value of all commodities may, at all times, be estimated and compared," Adam Smith says:—"Equal quantities of labour, at all times and places, may be said to be of equal value to the labourer. In his ordinary state of health, strength, and spirits; in the ordinary degree

III.—*Value Form, or Exchange-Value.*

Commodities are produced in the form of Use-values, or commodity forms, as iron, linen, wheat, etc. This is their crude(*v*) state. They are, however, only commodities because of their double aspect, being at the same time objects of utility and bearers of value. They therefore only appear as commodities, or possess the form of commodities, because they have the double form—their natural form and their value form.

The objective value of commodities is not like Dame Quickly, of whom one did not know where to have her(*w*). In direct opposition to the objectivity of commodities in its broad sense, no atom of natural material enters into their objective value. Turn a single commodity about as we may, it still remains a thing of value. We must remember, however, that commodities only have objective value in so far as they are the expression of the same social unit, human labour; that their objective value is thus purely social; and it follows therefore that they can only appear in the social ratio of commodity to commodity. As a matter of fact we turned aside from the Exchange-value or Exchange-ratio of com-

of his skill and dexterity, he must always lay down the same portion of his ease, his liberty, and his happiness." ("Wealth of Nations," vol. I., Chap. V). On the one hand Adam Smith here (though not throughout) confounds the determination of the value by means of the quantity of labour expended in the production of commodities with the determination of the commodity-value by means of the value of the labour, and seeks thereby to prove that equal quantities of labour have always the same value. On the other hand he anticipates that labour, so far as it is represented by the value of commodities, is only to be held as the expenditure of labour power, but apprehends this expenditure simply as a sacrifice of rest, freedom and pleasure, not even as the normal work of life. He has ever the modern wage-worker before his eyes. The above quoted predecessor of Smith hits the mark much better when he says:—"One man has employed himself a week in providing this necessary of life . . . . and he that gives him some other in exchange, cannot make a better estimate of what is a proper equivalent, than by computing what cost him just as much labour and time; which in effect is no more than exchanging one man's labour in one thing for a certain time, for another man's labour in another thing for the same time."

v Marx's word is "hausbackene" (literally "home-baked"), and evidently refers to these commodities in their rough state, before the iron has been made into knives, &c., the linen into clothing, or the wheat into bread.—J.B.

w The reference is doubtless to Henry IV., where Falstaff says o Dame Quickly, "Why, she's neither fish nor flesh, a man knows not where to have her."—J.B.

modities in order to discover the value contained in them We must now return to this "phenomenal-form"(*x*) of value

Any man knows, even if he knows scarcely anything else that commodities have a value-form which contrasts in a striking degree with their varied forms as Use-values—namely, their money-form. It is, however, now essential to do what ordinary economy never attempts to do—viz., to point out the genesis of this money-form, and to follow out the development of the expression of value contained in the Value-ratio of commodities from its simplest and obscurest shape to its delusive money-form. On this investigation the money mystery(*y*) will vanish altogether.

The simplest Value-ratio is evidently the Value-ratio of one commodity to another of a different kind but of equal value. The Value-ratio of two commodities affords therefore the simplest expression of value for one of them.

A) **Simple, Single, or Casual Value-form.**

x Commodity A = *y* Commodity B; or
x Commodity A is worth *y* Commodity B.
20 Yards of Linen = 1 Coat; or
20 Yards of Linen are worth 1 Coat.

1) The two Poles of the Expression of Value:—Relative Value-form and Equivalent-form.

The secret of all forms of value is found in this simple form of value. Its analysis is a work of peculiar difficulty.

The two commodities A and B—in our example linen and coat—evidently play two different parts. The linen expresses its value by the coat, which serves as the basis of such expression of value. The first commodity plays an active and the second a passive part. The value of the first commodity appears as relative value, or is found in the form of relative value; the second commodity serves as an equivalent, or is found in the form of an equivalent.

Relative value-form and equivalent-form are related to each other as inseparable qualities, reciprocal, conditioning each other, and yet at the same time repelling each other, being at the opposite extremes or poles of the same expression

x "Erscheinungsform," or appearance form, *i.e.*, the form in which value presents itself.—J.B.

y "Geldräthsel," money-riddle; the mystery which enshrouds the connection of goods with money.—J.B.

of value; they are allotted always amongst the different commodities which the expression of value connects with each other. I cannot, for instance, express the value of linen *in* linen; twenty yards of linen=twenty yards of linen is not an expression of value. That equation only says that twenty yards of linen are nothing else than twenty yards of linen—a given quantity of the object of utility known as linen. The value of the linen can only be expressed by some other commodity. The relative value-form of the linen pre-supposes that some other commodity will be found as its equivalent-form. On the other hand this other commodity, which serves as an equivalent, cannot at the same moment operate as a relative form of value. No commodity expresses its own value; it only serves as the basis for expressing the value of some other commodity.

Of course this equation, twenty yards of linen=one coat, or twenty yards of linen are worth one coat, includes the reverse, one coat=twenty yards of linen, or one coat is worth twenty yards of linen. But I must turn the equation round to get at the relative value of the coat, and as soon as I do this, the linen becomes an equivalent instead of the coat. The same commodity cannot, at the same time, enter in both forms into the same expression of value; the two forms are as wide as the poles apart.

Whether a commodity is found in relative value-form or in the opposite equivalent-form, depends upon the place which it holds at the moment in the expression of value—depends, that is, upon whether it is the commodity the value of which is expressed, or the commodity by reference to which the value is expressed.

2) Relative Value-Form.

a) Import of Relative Value-Form.

In order to find out how the simple expression of value of a commodity is contained in the value-ratio of two commodities, we must regard them without any reference to their quantitative side. We shall proceed best from the other side, and see in the ratio of value only the proportion in which given quantities of two commodities are compared with each other. We see that the magnitudes of different things first become quantitatively comparable after their reduction to this unit. It is only as the expression of this same unit that they become commensurable quantities—quantities, that is

which may be designated by the same term(z).

Whether twenty yards of linen=one coat or=twenty coats or=x coats—that is to say, whether a given quantity of linen is worth many or few coats—every such proportion includes the statement that the linen and the coats are expressions of the extent of value of the same unit, and are things of the same nature. Linen=coat is the ground of the equation.

But the two commodities thus qualitatively compared do not play the same rôle. The value of the linen only is expressed. And how? By its relation to the coat as its "equivalent," or by means of its capacity of being exchanged. In this relation the coat serves as the form in which the value of the linen is expressed—operates, that is, as an object of value, for only as such is the coat put on the same footing as the linen. On the other hand the existence of value in the linen comes to light, or obtains independent expression, for it is only as a value that it is compared with the coat as a thing of equal value or capacity for exchange. Thus butyric acid (the acid contained in butter), is a different substance from propyl. Both consist, however, of the same chemical elements—Carbon (C), Hydrogen (H), and Oxygen (O), and in the same atomic proportions, viz., $C_4 H_8 O_2$. If now the butyric acid and the propyl are compared, the propyl (firstly) appears as the form in which $C_4 H_8 O_2$ exists, and (secondly) it may be said that the butyric acid consists also of $C_4 H_8 O_2$. By comparing the two things we find that their chemical elements, and their outward form, are expressed in different ways.

If we say that, as Values, commodities are a mere protoplasmic mass of human labour, our analysis is reduced to a mere abstraction of value, but gives no form of value which is different from the natural form of the commodities. But it is otherwise in respect to the ratio of value of one commodity with another. Their character as values here becomes prominent owing to their special relations with other commodities.

If, for example, the coat, as an object of value, is compared with the linen, the amount of labour contained in the one is compared with the amount of labour contained in the other.

z. The lesser economists, such as Bailey, who have dealt with the analysis of forms of value, arrive at no conclusion, because, firstly, they confound value with forms of value; and secondly, because, being ever under the crude influence of practical commerce, they have always quantitative relations before their eyes. "The command of quantity . . . . constitutes value" ("Money and its Vicissitudes," by S. Bailey, London, 1837, p. 11).

It is true that the tailoring which made the coat is a different kind of concrete labour from the weaving which made the linen. But the comparison with weaving reduces tailoring, as a matter of fact, to that which is common to both kinds of work—their common character of human labour. In this round-about way, then, is it stated that weaving, so far as it weaves value, possesses no feature which distinguishes it from tailoring, and is thus abstract human labour. It is only the expression of the equivalent of different kinds of commodities which brings the specific character of the value-forming labour into prominence, while it reduces the different kinds of labour stowed away in the various commodities to a common level as human labour.(*aa*)

It is not sufficient to express the specific character of the labour wherein the value of the linen lies. Human labour-power in its fluid state, or human labour, forms value, but it is not value; it becomes value in its solid state, in objective form(*bb*). In order to express the value of the linen as protoplasmic human labour, it must be expressed as an "objectivity" which is essentially distinct from the linen itself, and is common to the linen and to other objects.

In the ratio of value of the linen, the coat serves as its qualitative equal—as a thing of like nature, because it is a value. It serves here, therefore, as a thing in which value appears, or which in its tangible, natural form represents value. Now the coat, the substance of the coat-commodity, is a mere Use-value. The coat of itself as little expresses value as did the linen. This only shows that the hidden ratio

aa One of the first economists, after William Petty, who has examined the nature of value, the celebrated Franklin, says:—"As commerce is usually nothing more than the exchange of one labour for another labour, the value of all objects will be most accurately estimated in labour." ("The works of B. Franklin," etc., edited by Sparks, Boston, 1836, v. II., p. 267). Franklin is unconscious of the fact that while he estimates the value of all objects "in labour," he abstracts all variety from the different kinds of labour, and thus reduces them to similar human labour. He utters, nevertheless, truths which he does not fully recognise. He speaks first of "one labour," then of "another labour," and lastly of "labour," without any other distinction, as the substance of value of everything.

bb Marx's expressions are "flüssigen zustand," or "fluid condition," and "geronnenem zustand," or "congealed condition," and the reference is evidently to water, which in its fluid state illustrates labour-power which in itself is not value, and in the solid or congealed state illustrates labour which has become value by being put into an objective or palpable form.—J. B.

of value to the linen is of more importance than that which is apparent.

In the production of the coat, human labour-power is expended in the shape of tailoring. Human labour is thus stored up in it. From this point of view the coat is a "bearer of value," although in its worst threadbare state this feature may not be visible, and in the ratio of value of the linen it only appears as embodied value—as a body of value. In spite of its concealed identity(*cc*) the linen has recognised it as a member of the same clan by its "beautiful soul" of value. The coat cannot, on the other hand, represent value unless the value takes the form of a coat. A can never assume the sovereignty of B, and be mistaken for the latter, unless with the majesty it also assumes the bodily form, facial lineaments, hair, and other features of the reigning sovereign.

In the ratio of value wherein the coat serves as the equivalent of the linen, the coat form operates as a form of value. The value of the commodity linen will therefore be expressed in the form of the commodity coat—the value of the one commodity in the Use-value of the other. As a Use-value the linen is a thing essentially different from the coat; as a value it is the equal of the coat, and therefore resembles the coat. Thus it contains a value-form different from its natural form. Its essence of value appears in its similarity to the coat.

It will be seen that all we have hitherto said in our analysis of commodity values, the linen itself says the moment it is put into circulation with another commodity, viz., the coat. It betrays its thoughts in the only language possible to it—the language of commodities. In order to say that the labour, in its abstract attribute of human labour, constitutes its own value, it says that the coat, so far as it is its own equal, and consequently a value, consists of the same labour as itself. In order to say that its sublimated objective value is different from its woven texture, it declares that its value resembles a coat, and that therefore, as an object of value, it is itself as much like a coat as one egg is like another. It may be remarked *en passant* that the language of commodities, in addition to Hebrew, has also many other more or less correct dialects. The German expression "essence of value," for example,

cc Marx says, "Trotz seiner zugeknöpften Erscheinung"—"in spite of its buttoned-up appearance." That is to say, the value is hidden, or as Marx quaintly says, "buttoned-up," in the coat, but the linen sees through the disguise and recognises its clanship by its "schöne Werthseele"—its beauteous soul, or essence, of value.—J.B.

expresses less forcibly than the Roman verb valere, valer, valoir, that the comparison of commodity B with commodity A is the proper expression of the value of commodity A. *Paris vaut bien une messe!*

By means of the ratio of value, the natural form of commodity B thus becomes the value-form of commodity A, or the body of commodity B becomes the mirror of value of commodity A(*dd*). While commodity A refers to commodity B as the embodiment of value, as materialised human labour, it makes the Use-value of B serve as the expression of its own value. The value of commodity A thus expressed in the Use-value of commodity B, possesses the form of relative value.

b). The Quantitative Determination of the Form of Relative Value.

Every commodity whose value is to be expressed is an object of utility of a given quantity, as fifteen bushels of wheat, 100 lbs. of coffee, and so on. These given quantities of commodities represent a fixed quantity of human labour. This form of value has thus expressed not merely value in general, but a quantitative, fixed value or extent of value. In the ratio of value of commodity A to commodity B, the linen to the coat, the coat species of commodity is not merely compared qualitatively as a body of value with the linen in a general sort of way; but with a fixed quantity of linen, *e.g.*, twenty yards of linen with a fixed quantity of the body of value or equivalent, *e.g.*, one coat.

The equation "twenty yards of linen=one coat, or twenty yards of linen are worth one coat," expresses the fact that one coat holds just as much substance of value as twenty yards of linen, and thus that both quantities represent exactly similar labour, or precisely the same labour-time. But the labour-time necessary for the production of twenty yards of linen, or one coat, varies with every change in the productive power of weaving or tailoring. We will now examine more closely the influence of such changes upon the relative expression of the extent of value.

dd In a certain sense, it is the same with the man as with the commodity. He neither comes to the world with a mirror, nor with the philosophy of Fichte, "I am myself," but looks at himself in the first place as reflected in other men. It is by reference to the man Paul, as his own equal, that the man Peter first refers to himself as a man. The man Paul, in his outward corporeal embodiment, is to him the form in which the genus man appears.

I. The value of the linen changes, while that of the coat remains constant. If the labour-time necessary to produce the linen is doubled, as for instance, by want of fruitfulness in the ground where the flax is grown, its value is doubled. Instead of twenty yards of linen=one coat, we have twenty yards of linen=two coats, because one coat now only represents half as much labour-time as twenty yards of linen. If, on the other hand, the labour-time necessary to produce twenty yards of linen is reduced to half on account of improved looms, the value of the linen falls to half. In this case twenty yards of linen=half a coat. The relative value of the commodity A, which expresses its value by the commodity B, thus rises and falls just as the value of the commodity A compared with that of B, the latter remaining constant.

II. The value of the linen remains constant, while that of the coat changes. If, under these circumstances, the labour-time necessary to produce the coat is doubled, say in consequence of an unfavourable production of wool from shearing, we then have twenty yards of linen = half a coat, instead of twenty yards of linen = one coat. If, on the other hand, the value of the coat falls to half, then twenty yards of linen = two coats. The value of the commodity A remaining constant, its relative value falls or rises in inverse proportion to the change of value in commodity B.

If we consider cases I. and II., we shall see that the total change of relative value may arise from quite opposite causes. Thus if twenty yards of linen = one coat :—(*a*) the equation twenty yards of linen = two coats may occur either because the value of the linen rises to double or the value of the coat falls to half, and (*b*) the equation twenty yards of linen = half a coat may occur either because the value of the linen falls to half or the value of the coat rises to double.

III. The labour-time necessary for the production of the linen and the coat may change at the same time, in the same direction, and in the same proportion. In this case the equation twenty yards of linen = one coat will be correct whatever may be the change in their values, this change in value being discovered as soon as either is compared with a third value which remains constant. Whether the values of the commodities rise or fall in the same time and proportion, their relative value will be unchanged, and their change of value will be seen by the greater or lesser labour-time requisite for their production.

IV. The labour-time necessary to produce the linen and the coat respectively, and therefore their values, may change at the same time and in the same direction, but in an unequal degree, or in opposite directions, and so on. The effect of all possible combinations of change in their relative value may, however, be found by the interchange of cases I. II. and III.

Real changes in the extent of value thus have no ambiguous effect upon the relative expression of value, or on the extent of relative value. The relative value of a commodity may change although its value remains constant; its relative value may remain constant although its value changes; and finally, a simultaneous change in extent of value and in relative expression does not by any means conceal this extent of value.

3) The Equivalent Form.

We have seen that when commodity A (the linen) expresses its value in the Use-value of commodity B (the coat), the latter expresses itself as a peculiar Value-form—that of the equivalent. The commodity linen brings into prominence its own Value-essence by likening itself to the coat, which is, without doubt, a Value-form different from its own bodily shape. The linen thus, in truth, expresses its own Value-essence by the fact that it is directly exchangeable with the coat. The equivalent-form of one commodity is consequently the form of its direct exchangeability with another commodity.

When one kind of commodity, a coat for example, serves as the equivalent of another kind of commodity, as linen—the coat therefore obtaining the characteristic property of being in a form directly exchangeable with the linen—the proportion in which the coat and the linen are exchangeable is not by any means thereby expressed. That proportion, the extent of value of the linen being given, depends on the extent of value of the coat. Whether the coat is expressed as the equivalent and the linen as the relative value, or, inversely, the linen is expressed as the equivalent and the coat as the relative value, the extent of value of the coat is in both cases defined by the labour-time necessary for its production, and is thus independent of its Value-form. But so soon as the commodity coat takes the position of the equivalent in the expression of value, its extent of value is no longer stated as extent of value. It rather figures in the equation of value merely as a definite quantity of a thing.

For example :—forty yards of linen are "worth"—what? Two coats. Because the commodity coat here plays the part of the equivalent—the Use-value of the coat standing *vis-à-vis* to the embodied value of the linen—a definite

quantity of coat is sufficient to express the extent of value of the linen. Two coats may therefore express the extent of value of forty yards of linen, but they can never express their own extent of value—the extent of value of the coats. A superficial consideration of the fact that the equivalent in the equation of value never possesses anything beyond the mere form of a simple quantity of a thing (*i.e.*, of a Use-value) has misled Bailey, and prevented him, and also many of his predecessors and followers, from seeing in the expression of value anything but a quantitative relation. The equivalent form of a commodity, however, does not retain any quantitative definition of value.

The first peculiarity which strikes us on attentively regarding the equivalent form is this:—*Use-value becomes the visible form of its opposite, i.e., of Value.*

The natural form of the commodity becomes its form of value. But, it must be well observed, this *quid pro quo* happens for a commodity B (coat or wheat or iron, &c.) only within the Value-ratio wherein such commodity A as we may choose to take (linen, etc.) approaches it, *i.e.*, it happens for B only within this relation. As no commodity can be related to itself as its own equivalent, and thus cannot make its own natural form the expression of its own value, it must refer to another commodity as its equivalent, or make the natural form of another commodity the expression of its own value.

This will be made clear by an example in which one commodity serves as the Use-value of another commodity. A sugar-loaf, being a mass of matter, is heavy, and therefore has weight, but we cannot see or feel what its weight is. We now take different pieces of iron, the weight of which is determined beforehand. The bodily form of the iron, regarded in itself, tells us no more what its weight is than did the bodily form of the sugar-loaf. Nevertheless, in order to express the sugar-loaf in weight, we bring it into relation with the weight of the iron. In this relationship, the iron operates as a body which represents nothing but weight. Quantities of iron serve therefore as a measure of the weight of the sugar, and represent, as opposed to the sugar, the mere force of weight, the appearance-form of weight, the shape or phenomenal-form which weight takes. The iron only plays this part within the relationship in which the sugar, or any other body the weight of which is to be ascertained, stands with regard to it. If both bodies were not heavy they could not enter into this relationship, and the one could not serve as the expression of the weight of

the other. If we throw both into the scale we see indeed that their weight is the same, and that they are of the same weight in a determined proportion. Just as the mass of iron, placed *vis-à-vis* to the sugar, represents only *weight*, so in our expression of value the coat, placed *vis-à-vis* to the linen, represents only *value*.

Here, however, the analogy ceases. In the expression of weight of the sugar, the iron represents a natural property common to both bodies—their weight; while in the expression of value of the linen, the coat represents in both a property which is outside and above(*ee*) their natural properties—their *value*, which is something purely social.

When the relative Value-form of a commodity, linen for instance, expresses its Value-essence as something totally distinct from its bodily substance and its natural properties—as the equivalent of a coat, let us say—that expression of Value-essence indicates that it lends a social relationship. It is just the opposite with the equivalent-form. This consists precisely in the fact that a commodity, as the coat—this thing which goes and comes—expresses value, thus possesses a Value-form by nature. True, this operates only within the Value-ratio into which the commodity linen draws the commodity coat as an equivalent(*ff*). But as the properties of things do not arise out of their relations to other things, but rather operate only within that relation, so the coat would appear to possess its equivalent form, *i.e.*, its property of direct exchangeability, just as much from nature as its property of being heavy or giving warmth. Therefore the mystery of the equivalent-form, which at first strikes the cursory view of the ordinary political economist, passes over to money as soon as the equivalent form is explained and the mystery cleared away from it. Then he attempts to clear up the mystical character of gold and silver, and in the meanwhile, pushes out of sight all the smaller deceptive commodities, and drones out with ever-increasing satisfaction the catalogue of all the motley crowd of goods which in his time have played the part of equivalents. He never

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ee Marx's word to express this property is *übernatürlich*, = "supernatural," but the property of value is not supernatural in the sense in which that word is always understood in England. I have therefore called it a property "outside and above their natural properties," which is of course Marx's meaning.—J.B.

ff This is a peculiarity with ideas of this kind. This man, for example, is a king because other men stand in the relation of his subjects. They, on the other hand, believe themselves to be subject to him because he is a king.

dreams that the simplest expression of value, such as "twenty yards of linen = one coat," altogether solves the riddle of the equivalent-form.

The substance of the commodity which serves as the equivalent, is always the embodiment of abstract human labour, and is always the product of determined, useful, concrete labour. This concrete labour thus becomes the expression of abstract human labour. If, for instance, the coat is regarded as the mere realisation of abstract human labour, the tailoring which in point of fact is realised in it is merely the form which that realisation takes. In the expression of value of the linen, the usefulness of the tailoring does not consist in the fact that it makes clothes for so many people, but that it makes an article in which value can be recognised, and is thus protoplasmic labour which is in no way distinguishable from the labour objectivised in the value of the linen. The tailoring, if it is to be a mirror of value, must reflect nothing but the abstract property of human work.

In the form of tailoring, as in the form of weaving, human labour-power is expended. Both therefore contain the common property of human labour, and in certain cases, *e.g.*, as producers of value, they may only be contemplated from this point of view. There is no mystery in all this. But in the expression of value of a commodity the matter is turned round. In order, for example, to express the fact that the value of the linen is formed by the web not in its concrete form as web, but by its common property of human labour, the concrete labour (tailoring) which produces the equivalent of the linen is set over against it as the palpable representative of abstract human labour.

This is thus the second peculiarity of the equivalent-form, that *concrete labour becomes the visible form of its opposite—abstract human labour.*

But while this concrete labour (tailoring) serves as the mere expression of indistinguishable human labour, it possesses the form of equality with other labour—the labour contained in the linen, and is therefore, albeit private labour, commodity-producing labour, like all other, yet at the same time labour in a direct social form. Precisely on this account it is represented in a product which is directly exchangeable with another commodity. This is therefore the third peculiarity of the equivalent-form, that *private labour takes the form of its opposite—labour in a direct social form.*

The two peculiarities of the equivalent-form last explained will be more easily comprehended if we go back to that great

enquirer who has not only analysed the value-form, but so many social forms, natural forms, and other forms of thought—I mean Aristotle.

In the first place, Aristotle clearly states that the money-form of the commodity is only a more highly-developed aspect of the simple Value-form—of the expression, that is to say, of the value of one commodity in any other given commodity; for he says:—

"5 Cushions = 1 House" (Κλίναι πέντε ἀντὶ οἰκίας)
"differs nothing" from
"5 Cushions = so much money" (Κλίναι πέντε ἀντὶ. . . ὅσου αἱ πέντε κλίναι)

He perceives further that the Value-ratio which contains this expression of value stipulates that the house is on a qualitative level with the cushion, and that these widely different objects could not, without this groundwork of equality, be referred to each other as commensurable quantities. "There can be no exchange," says he, "without equality, but there can be no equality without commensurability" (οὔτ' ἰσότης μὴ οὔσης συμμετρίας). Here, however, he stops short, and gives up the further analysis of Value-form. "But it is, in truth, impossible (τῇ μὲν οὖν ἀληθείᾳ ἀδύνατον) that things of so different a nature can be commensurable," *i.e.*, qualitatively equal. This equality can only be something which is foreign to the nature of the things themselves, and thus only an "accommodation to practical necessity."

Aristotle also himself shows us the rock on which his further analysis of value became a wreck, viz., his failure to comprehend *value*. What is that equality?—that common something which enables the house to be put forward with the cushion in the above expression of value? "That something," says Aristotle, "cannot in truth exist." Why? The house stands over against the cushion as its equal so far as it represents that which is common to both the cushion and the house, or is equal in both. And that is—human labour.

That "something," however, which in the form of commodity-values expresses all labour as equal human labour, and therefore as of equal worth, Aristotle was unable to deduce from the Value-form itself, because the Greek community depended upon slave-labour, and therefore was built on the foundation of the inequality of men and of their labour-power. The secret of the expression of value—the equality and equal validity of all labour because and in so far as it is human labour—can only be unravelled when a firm notion of human equality has taken hold of a people in

the very origin of the community. This, however, is only possible in a society in which the commodity-form is the universal form of labour-products, and in which therefore the relation of men to each other as commodity-possessors is the prevalent social relationship. The genius of Aristotle saw at once that the expression of value of a commodity revealed a relationship of equality, and it was only the historic limits of the community in which he lived that prevented him from seeing of what, "in truth," this relationship of equality consisted.

4) The Sum Total of the Simple Value-Form.

The simple Value-form of a commodity is contained in its value-relationship to another commodity of a different kind, or in its exchange-relation thereto. The value of commodity A is *qualitatively* expressed by means of the direct exchangeability of commodity B with commodity A. It is *quantitatively* expressed by means of the exchangeability of a given quantity of commodity B with a given quantity of commodity A. In other words the value of a commodity is independently expressed by means of its presentment as "Exchange-value." If at the commencement of this chapter we had said, in the language commonly current, that "the commodity is Use-value and Exchange value," it would, strictly speaking, have been false. The commodity is Use-value, or an object of utility, and "Value." It stands forth as this duplex thing so soon as its value takes a recognisable form different from its natural form—so soon, that is, as it takes the form of Exchange-value, and it never takes this form when regarded by itself, but only when it stands in value-relation or exchange-relation to a second and different sort of commodity. If this truth is once apprehended, the kind of language above referred to does no harm, but serves as an abbreviation.

Our analysis proves that the Value-form or expression of value of a commodity arises from the nature of the commodity-value, but not, on the other hand, that value and extent of value arise from its form of expression as an Exchange-value. Yet this is the delusion not only of the merchants and their modern upholders like Ferrier, Ganilh, and others(*gg*) but also of those who are at their very antipodes, like the modern

gg F. C. A. Ferrier, "Du Gouvernement considéré dans ses rapports avec le commerce" (Paris 1805), and Charles Ganilh, "Des Systémes de l'Économie Politique" (2ème éd., Paris, 1821).

free-trade commercial travellers(*hh*) Bastiat and his associates. The merchant lays the chief stress on the qualitative side of the expression of value, and therefore on the equivalent-form of the commodity, which finds its full development in the money-form; while on the other hand the modern advocate of free-trade(*ii*), who is bound to get rid of his wares at any price, puts the stress on the quantitative side of the relative Value-form. For him, therefore, the expression of value has neither value nor extent of value beyond the exchange relationship indicated on the sheet containing the daily price-list. The Scotchman MacLeod, in order to dress up the sorely-perplexed ideas of Lombard Street in the most skilful fashion, places the successful synthesis between the bigoted merchants and the enlightened advocates of free-trade.

Careful consideration of the expression of value of commodity A contained in its value-ratio to commodity B, has shown us that within that ratio, the natural form of commodity A appears only in the shape of Use-value, and the natural form of commodity B appears only as the Value-form, or in the shape of value. The internal contrast of Use-value and value concealed in the commodity, becomes represented through an external contrast, viz., through the relation of two commodities, in which relation one commodity (the one whose value has to be expressed) stands directly as a Use-value only, while on the contrary the other commodity (the one by which value has to be expressed) stands directly as an Exchange-value only. The simple Value-form of a commodity is thus the simple form assumed by the opposites of Use-value and value contained in it.

The labour-product is, under all social conditions, an object of utility; but it is only an historically appointed period of development, which presents the labour expended in the production of an object of utility as its "objective" speciality—*i.e.*, as its Value—that converts the labour-product into a commodity.

It follows, therefore, that the simple Value-form of the commodity is at the same time the simple Commodity-form of the labour-product, and, in addition, that the unfolding of the Commodity-form and the unfolding of the Value-form are contemporaneous.

hh "Freihandels-Commis-Voyageurs" is evidently used by Marx to imply that Bastiat and authors of like views are advocates of free-trade ideas, in the same sense as a commercial traveller is an advocate of the interests of his employer.—J.B.

ii "Freihandelshausirer," free-trade hawker or pedlar.—J.B.

The first glance shows the Inchoate—the simple Value-form—this germ-form which only grows up into the price-form through a long series of metamorphoses.

Any commodity B only distinguishes the value of commodity A in the expression, and therefore only sets it in an exchange relationship with any other single commodity of a different nature from its own, instead of setting forth its qualititative equality and quantitative proportion with all other commodities. The simple relative Value-form of one commodity corresponds with the simple Equivalent-form of another commodity. Thus the coat, in the relative expression of value of the linen, possesses only Equivalent-form, or the form of direct exchangeability with reference to the single commodity linen.

Meanwhile the simple Value-form passes of its own accord into a more perfect form. By this means the value of commodity A is, it is true, only expressed in a commodity of another sort. What kind of commodity this second one may be, whether coat, linen, wheat, etc., is of no consequence at all. According as it enters into value-relationship with this or that commodity, different simple expressions of value of one and the same commodity occur(*kk*). The number of possible expressions of value is only limited by the number of different kinds of commodities. The simple expression of value is therefore converted into an ever-lengthening list of various simple expressions of value.

B) Total or Developed Value-Form.

3). Commodity A = *u* Commodity B, or = *v* commodity C, or = *w* Commodity D, or = *x* Commodity E, or = &c.
(20 Yards of Linen = 1 Coat, or = 10 lbs. of Tea, or = 40 lbs. of Coffee, or = 1 Quarter of Wheat, or = 2 Ounces of Gold, or = ½ Ton of Iron, or = &c.)

I.—*The Developed Relative Value-form.*

The value of a commodity, the linen for example, is now expressed in innumerable other elements of the world of commodities. Any other commodity may serve as the mirror of linen-value(*ll*). Thus this value itself first appears truly as

kk Thus Homer expresses the value of one thing by a succession of different things.

ll We speak therefore of the coat-value of the linen if we express its value by the coat; of its corn-value if we express its value by corn; and so on. Every such expression means that its value is that of the Use-value which appears in the coat, corn, etc. "The value of any commodity denoting its relation in exchange, we may speak of it as . . . . .

a protoplasmic mass of undistinguishable human labour. For the labour which constitutes this value is now expressly represented as labour which is on an equality with any other kind of human labour, whatever natural form it possesses, and whether it is objectivised in the coat, or wheat, or iron, or what not. By means of its Value-form, therefore, the linen no longer stands in social relationship with merely one other sort of commodity, but with the whole world of commodities. As a commodity it is a citizen of the world. At the same time the endless list of its expressions implies that the commodity-value is equivalent to the special form of Use-value in which it appears.

In the first form (twenty yards of linen = one coat) it may fortuitously be the case that these two commodities are exchangeable in a fixed quantitative ratio. In the second form, on the other hand, immediately comes to light a basis essentially distinguished from, and more determinate than, that fortuitous case. The value of the linen remains the same whether it is represented in the coat, the coffee, the iron, or in innumerable other commodities belonging to different owners. The casual relation of two individual possessors of commodities at once follows. It becomes manifest that it is not the exchange which regulates the extent of value of the commodity, but, on the other hand, the extent of value of the commodity which regulates its exchange-ratio.

II.—*The Special Equivalent-Form.*

Every commodity—coat, tea, wheat, iron, and so on—serves as an equivalent in the expression of value of the linen, and consequently as a bearer of value. The fixed natural form of any of these commodities is now a special Equivalent-form amongst many others. In the same way the manifold kinds of determined concrete useful labour contained in the different commodities now serve absolutely as so many special tangible forms, or phenomenal forms, of human labour.

corn-value, cloth-value, according to the commodity with which it is compared; and then there are a thousand different kinds of value—as many kinds of value as there are commodities in existence, and all are equally real and equally nominal." ("A Critical Dissertation on the Nature, Measure and Causes of Value; chiefly in reference to the writings of Mr. Ricardo and his followers." By the author of "Essays on the Formation etc., of Opinions." London, 1825; p. 39). S. Bailey, the editor of this anonymous work, which in its day made a great stir in England, seems to have imagined that he had annihilated all definition of value by this reference to the mixed-up relative expressions of the same commodity-value. That he, however, in spite of his blunders, probed the weak places of the theories of Ricardo, is proved by the attacks made upon him by writers of the Ricardo school, *e.g.*, in the *Westminster Review*.

III.—*Defects of the Total or Developed Value-form.*

The relative expression of value of the commodity is incomplete because, in the first place, its succession of representations never comes to an end. The chain which links one equation of value with another continues to lengthen without ceasing, because every new species of commodity furnishes the material for a new expression of value. In the second place, it forms a confused mosaic of different kinds of expression of value, each one of which elbows the other. At length it must happen that the relative value of each commodity becomes expressed in this developed form, and thus the relative Value-form of each commodity is one of the relative Value-forms of every other commodity in an endless succession of expressions of value. The defects of the developed relative Value-form are reflected again in its corresponding Equivalent-form. As the natural form of each single species of commodity is here a particular Equivalent-form amongst innumerable other particular Equivalent-forms, only circumscribed Equivalent-forms exist, each one of which excludes the others. Just so is the kind of determined concrete useful labour contained in any particular commodity-equivalent only an isolated, but not an exhaustive, phenomenal form of human labour. This really possesses its perfect or entire phenomenal form in the collective circle of isolated phenomenal forms. But it possesses no special phenomenal form.

The developed relative Value-form, however, consists only of a sum of simple relative expressions of value or equations in the first form, thus :—

20 Yards of Linen = 1 Coat.
20 Yards of Linen = 10 lbs. of tea, &c.

Each of these equations contains, however, when inverted, the same equation.

1 Coat = 20 Yards of Linen.
10 lbs. of tea = 20 Yards of Linen, &c.

In effect, if a man exchanges his linen for four other commodities, and therefore expresses its value by a succession of other commodities, the possessors of those four other commodities must necessarily exchange their commodities for linen, and therefore must express the value of their different commodities in that same commodity, that is, in linen. We thus turn the list about :—

20 Yards of linen = one coat, or = 10 lbs. of tea, or = &c., that is to say, we express the thing by a succession of cross-references, and thus obtain :—

C) General Value-form.

1 Coat	=	20 Yards of Linen
10 lbs. of Tea	=	
40 lbs. of Coffee	=	
1 Quarter of Wheat	=	
2 Ounces of Gold	=	
½ Ton of Iron	=	
x Commodity A	=	
Any other Commodity	=	

I.—*Changed Character of the Value-form.*

The commodities now represent their value (1) singly, because by one single commodity, and (2) identically, because by the same commodity. Their Value-form is both simple and common, and therefore general.

Forms I. and II. only express the value of a commodity as something different from their own Use-value or commodity-substance.

The first form gave equations of value, as one coat = twenty yards of linen, ten lbs. of tea = ½ ton of iron, &c. The coat-value became expressed as the linen-equivalent, the tea-value as the iron-equivalent; but linen-equivalent and iron-equivalent, these expressions of value of the coat and the tea, are distinct, like linen and iron. This form can only be of practical use at first starting, where labour-products are converted into commodities by casual exchange as opportunity offers.

The second form discriminates more fully than the first between the value of a commodity and its own Use-value, for the value of the coat, for example, now transfers its natural form to all possible forms, as linen-equivalent, iron-equivalent, tea-equivalent—to all others in fact except coat-equivalent. On the other hand, every common expression of value of the commodities is here directly excluded, for in the expression of value of a commodity all other commodities now appear only as equivalents. The developed Value-form first appears an actual fact as soon as a product of labour becomes no longer exceptionally, but as a common event, exchanged for other commodities.

The newly-obtained form expresses the value of the commodity world in one and the same kind of commodity selected from it, linen for instance, and thus represents the value of all commodities by their equality with linen. As a linen-equivalent the value of each commodity is now not only distinguished from its own Use-value, but from all Use-values,

and is thereby declared to have a property in common with all commodities. This form therefore for the first time effectually relates the commodities to each other as values, or causes them to appear to each other as Exchange-values.

The two earlier forms express the value of a commodity either in a single commodity of another sort, or in a list of several other different commodities. In each case it is, so to speak, the private business of the single commodity to give itself a Value-form, and this it achieves without the help of the other commodities. These, on the other hand, play the merely passive part of equivalents. The universal Value-form, on the other hand, arises only as the common building of the commodity world. One commodity alone obtains universal expression of value because at the same time all other commodities express their value in the same equivalent, and every new sort of commodity which makes its appearance must do the same. It appears therefore that the objective value of commodities, since it can only express the mere "social existence" of these things, even by means of their versatile social relations, must be their Value-form, and consequently their socially valid form.

All commodities now appear as equals of the linen; not merely as qualitatively equal—as values generally—but at the same time as quantitatively comparable measures of value. As they see their own measures of value reflected in one and the same material, the linen, they mutually reflect this measure of value one upon the other. Thus ten lbs. of tea = twenty yards of linen, and forty lbs. of coffee = twenty yards of linen. Thus ten lbs. of tea = forty lbs. of coffee; or in one lb. of coffee is contained only a quarter as much substance of value (labour) as in one lb. of tea.

The universal relative Value-form of the world of commodities impresses upon the one equivalent commodity (the linen), which it excludes from that world, the character of the universal equivalent. Their own natural form is the universal likeness of value in that world; the linen thus being directly exchangeable with all other commodities. Their bodily shape furnishes the visible incarnation of all human labour—the universal social change of that labour from the chrysalis to the condition of full activity(*mm*). The weaving which produces the linen is found at the same time in

mm Marx's word is *Verpuppung* = the change from the chrysalis to the butterfly, and he doubtless means to say that the commodity in its visible shape is the full development of the labour, which, in its "chrysalis" state, is only indistinguishable human labour.—J.B.

universal social form—the form of equality with all other kinds of labour. The innumerable equations of which the universal Value-form consists place upon an equal footing with the labour realised in the linen the labour realised in every other commodity, and thereby make weaving the universal phenomenal form of human labour generally. Thus the labour objectivised in the commodity-value is not merely represented negatively as labour from which all the concrete forms and useful features of genuine labour have been abstracted, but its own positive character is expressly brought out. It is the reduction of all genuine labour to its own common character of human labour, or in other words, to the expenditure of human labour-power.

The universal Value-form, which represents the product of labour as a mere protoplasmic mass of indistinguishable labour, shows, by its own framework, that it is the social expression of the commodity world. It thus makes evident the fact that within this world of commodities the universal human character of the labour forms its special social character.

II.—*The Development Relationship of the Relative Value-form and the Equivalent-form.*

The degree of development of the Equivalent-form corresponds with the degree of development of the relative Value-form. But (and this should be well observed) the degree of development of the Equivalent-form is only the expression and result of the development of the relative Value-form.

The simple or separate relative Value-form of a commodity makes another commodity its single equivalent. The developed form of relative value—the expression of the value of one commodity in all other kinds of commodities—stamps upon them the form of various kinds of particular equivalents. At length one particular kind of commodity receives the universal Equivalent-form, because all other commodities make that one the material of their identical, universal Value-form.

In the same degree, however, in which the Value-form develops in general, develops also the contrast between its two poles, the relative Value-form and the Equivalent-form.

The first form of equation—twenty yards of linen = one coat—contains this contrast but does not fix it. According as the same equation is read forwards or backwards, each of the extreme commodities (as linen and coat) is found to be of equal importance, now in the relative Value-form and now in

the Equivalent-form. Some trouble is here necessary to hold fast the polar contrast.

In the second form of equation only one commodity can, at any one time, develop its complete relative Value-form or itself possess the developed relative Value-form, because and so far as all other commodities find their opposite in the Equivalent-form. Here we can no longer turn about the two sides of the equation of value (as twenty yards of linen = one coat, or = ten lbs. of tea, or = one quarter of wheat, &c.,) without altering their character, and converting it from the social to the universal Value-form.

The third form of equation, lastly, gives to the commodity-world the universal-social relative Value-form, because and so far as it excludes (with one single exception) from the universal Equivalent-form all the commodities which appertain to that world. One commodity, the linen, is therefore found in the form of direct exchangeability with all other commodities, or in a direct social form, because and in so far as all other commodities are not found therein(*nn*).

On the other hand the commodity which figures as the universal equivalent is excluded from the identical, and therefore universal, relative Value-form of the commodity-world. If the linen, or any other commodity playing the part of universal equivalent, should also at the same time partake of the relative Value-form, it must needs be its own equivalent. We thus have:—twenty yards of linen = twenty yards of linen, a piece of tautology which expresses neither value nor extent of value. In order to express the relative Value of the universal equivalent, we must invert Form III. It possesses

(*nn*) The form of universal direct exchangeability is not generally by any means conceived as a contrasted commodity-form which is as inseparable from the form of *not* direct exchangeability as the positive nature of one pole of the magnet is from the negative nature of the other. It may be imagined that the stamp of direct exchangeability can be impressed at the same time on all commodities, just as one may imagine that all catholics may be made popes. With citizens of small *calibre* who see in the production of commodities the *ne plus ultra* of human freedom and individual independence, it would of course be desirable that the improprieties connected with this form should be smoothed over, particularly that of the not direct exchangeability of commodities. The adornment of this Philistine topic constitutes Proudhon's Socialism, which, as I have shown elsewhere, does not, in any case, possess the advantage of originality, but was much better unfolded long before his time by Gray, Bray and others. This fact, however, does not prevent such wisdom from now-a-days passing, in certain circles, as "science." The Proudhon School, more than any other, has hidden itself behind the word "science," for "where ideas fail, words are certain to fill their place at the right moment."

no relative Value-form in common with the other commodities, but its value is relatively expressed in the endless succession of other wares. Thus Form II., or the developed relative Value-form, now appears as the specific relative Value-form of the equivalent commodity.

III.—*The Transition from the Universal Value-form to the Money-form.*

The universal Value-form is a form of value in general. It may thus appertain to any commodity. On the contrary, however, only one commodity is found in the universal Equivalent-form (Form III.), because all the other commodities exclude that one as their equivalent. And from the moment when this exclusion becomes finally valid by being narrowed down to one particular sort of commodity, the identical relative Value-form of the commodity-world obtains objective steadiness and universal social validity.

The one special commodity, the natural form of which is overgrown, as it were, by the Equivalent-form, becomes the money-commodity, or serves the purpose of money. To play the part of universal equivalent in the commodity-world becomes its special social function, and therefore its social monopoly. Amongst the commodities which in Form II. figured as particular equivalents of the linen, and in Form III. expressed in common their value in linen, one definite commodity — gold — has usurped this place of vantage. If, therefore, in Form III. we put the commodity gold in the place of the commodity linen, we have:—

D) **The Money-form.**

20 Yards of Linen	=		
1 Coat	=		
10 lbs. of Tea	=		
40 lbs. of Coffee	=	}	2 Ounces of Gold.
1 Quarter of Wheat	=		
½ Ton of Iron	=		
x Commodity A	=		

Essential changes take place in the transition from Form I. to Form II., and from Form II. to Form III. On the other hand, Form IV. differs in no particular from Form III., except that now gold instead of linen takes the universal Equivalent-form. Gold remains in Form IV. what linen was in Form III.—the universal equivalent. This advance consists only

in the fact that the form of direct universal exchangeability, or the universal Equivalent-form, now, by social custom, finally becomes identical with the specific natural form of the commodity gold.

Gold only becomes placed as money *vis-à-vis* with other commodities because it has itself already stood amongst them as a commodity. Like all other commodites, it serves as an equivalent, whether it be as a single equivalent in a separate exchange, or as a particular equivalent amongst other commodity-equivalents. By degrees it operates in narrower or wider spheres as universal equivalent. As soon as it has usurped the monopoly of this position in the expression of value of the commodity-world, it becomes the money-commodity; and it is only from the moment when it has become the money-commodity, that Form IV. differs from Form III., or in other words, that the universal Value-form is transmuted into the money-form.

The simple relative expression of value of a commodity (the linen for example), in the case of the commodity operating as the money-commodity (the gold for example), is the Price-form. The Price-form of the linen is therefore

20 Yards of Linen = 2 Ounces of Gold,

or if £2 Sterling is the name given to 2 Ounces of Gold in coin,

20 Yards of Linen = £2 Sterling.

The difficulty in the notion of the Money-form is limited to grasping the idea of the universal Equivalent-form and thus of universal Value-form in general—Form III. Form III. is resolved by reference to Form II., the developed Value-form, the constituent elements of which are found in Form I.:—Twenty yards of linen = one coat, or x commodity A = y commodity B. The simple Commodity-form is therefore the germ of the Money-form.

IV.—*The Secret of the Fetish Character of the Commodity.*

At the first glance a commodity appears as an independent simple thing. Its analysis, however, shows that it is a very intricate thing, full of metaphysical subtleties and theological tricks. So far as it is a Use-value, there is nothing mysterious about it, whether I regard it from the point of view that by means of its properties it satisfies human need, or consider those properties as the product of human labour. It is as clear as day that man by his activity changes the form of

natural materials in such a manner as to make them useful to himself. The form of wood, for example, is changed when we make it into a table. Nevertheless the table remains wood, an ordinary thing which may be seen and felt. But when it poses as a commodity it is altogether another matter. At once tangible and intangible, it is not enough that it places its feet upon the ground; it turns over, so to speak, stands upon its head before other commodities, and performs tricks more outlandish than if it took to dancing.

The mystical character of the commodity, then, does not arise from its Use-value. Just as little does it arise from the characteristics which determine its value. In the first place, however varied useful labours or productive activities may be, it is a psychological truth that they are functions of the human organism, and that every such function, whatever its form and contents, is essentially an expenditure of the brain, nerve, muscle, senses, etc., of man. In the second place, concerning that which determines the extent of value—that is to say the duration of that expenditure, or the quantity of labour—it cannot be denied that the quantity of the labour is clearly distinct from its quality. Under all social conditions the time necessary for the production of the means of living are sure to be of interest to men, though in varying degrees, according to different stages of civilisation(*oo*). At last, so soon as men work in any way for each other, their labour acquires a social form.

Whence, then, arises the enigmatical character of the product of labour, when it takes the form of a commodity? Evidently from that very form. The equality of human labour obtains the form of the quality of value of the products of labour; the measure of individual labours by their duration obtains the form of the extent of value of the products of labour; and lastly, the relations between the producers, in which are determined the social characters of their labours, obtain the form of a social relation of the products of labour.

Thus the mystical nature of the Commodity-form consists simply in this, that it reflects back to men the social characters of their own labours in the form of the social characters of the products of labour themselves—in the form of the social,

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oo Among the ancient Germans the size of an acre of land was reckoned by the labour of a day; hence its name, *Tagwerk*, or *Tagwanne* (*jurnale* or *jurnalis*, *terra jurnalis*, *jurnalis* or *diurnalis*), *Mannwerk*, *Mannskraft*, *Mannsmaad*, *Mannshauet*, etc. See George Ludwig von Mauer: "Introduction to the History of the Mark, Hof, etc." München, 1859, p. 129 *et seq.*

natural properties of these things, and therefore reflects back in the form of an external, existing social relationship of objects, the social relations of the producers to the collective labour. By means of this *quid pro quo* the products of labour become commodities, things at the same time objective and subjective, tangible and intangible—social things. Thus it is that the luminous impression of a thing upon the optic nerve does not present itself as a subjective excitation of that nerve itself, but as the sensible form of a thing existing outside the eye. It is necessary to add that in the act of vision the light is projected from an external object to another object—the eye; it is a physical relation between physical things. But the Value-form and the relations of value of the products of labour have absolutely nothing to do with their physical nature. It is only a fixed social relation of men amongst themselves, which here takes for them the phantasmagoric form of a relation of things amongst themselves. We must soar into the nebulous region of the religious world to find an analogy to this phenomenon. There the creations of the human brain assume the forms of independent beings, each endowed with a life of its own, and all in communication with each other and with mankind. So it is with the products of the human hand in the world of commodities. This is what I mean by the fetishism attaching to labour-products when they present themselves as commodities—a fetishism which is inseparable from the mode of production. This fetish character arises, as the foregoing analysis shows, from the peculiar social character of the labour which produces commodities.

In general, objects of utility only become commodities because they are the products of private labours, carried out independently of each other. The sum total of these private labours forms social labour. As the producers only come into contact by means of the exchange of their products, so the social character of their private labours only appears within the limits of that exchange; or, rather, private labours are in reality only manifested as divisions of social labour by the relations which exchange establishes among the products of labour, and indirectly among the producers. It follows that, for the latter, the relations of their private labours appear to be what they really are, *i.e.*, not as the immediate social relations of men in their labours, but rather as social relations of things.

It is only in their exchange that labour-products acquire an identical and uniform social existence as values, distinct from their material and manifold existence as objects of utility. This division of the labour-product into an object of utility

and an object of value becomes prominent in practice as soon as the exchange has reached to a sufficient extent and acquired sufficient importance for objects of utility to be produced with a view to exchange, so that the character of value in the objects is taken into consideration in their very production. From this moment, in fact, the private labours of producers acquire a double social character. On the one hand, they should be useful labours, so as to satisfy social necessities, and thus assert themselves as integral parts of the general labour—of the system of the social division of labour spontaneously established, and growing out of the nature of things; and on the other hand, they only satisfy the requirements of the producers themselves, because each species of useful private labour is exchangeable with all other species of useful private labour, and is recognised as their equal. The quality of labours which differ *toto cælo* from each other can only consist in an abstraction of their real inequality, in the reduction to their common character of an expenditure of human force—of human labour in general, and it is only exchange which effects this reduction by putting the products of the most diverse labours upon an equal footing one with another.

The double social character of private labours is only reflected in the brain of the producers in the form of the exchange of products, the form, that is, which they take in practical commerce. When producers bring the products of their labour into relationship with each other as equal values, it is not because they see in them a simple covering which conceals identical human labour; on the contrary, by regarding their diverse products as of equal value in exchange, they establish the fact that their diverse labours are equal (*pp*). They do this without knowing it(*qq*). Value has not written its own description upon its own forehead. On the other hand, it changes each product of labour into a social hieroglyph It is only later that men seek to decipher the hieroglyph, find out the interpretation thereof, and to penetrate the secrets

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pp That is to say, goods in the market are not regarded as of equal value, *because* they contain an equal amount of labour, but the fact that they are brought to market as equal values, establishes the fact that they do contain an equal amount of labour.—J. B.

qq Thus Galiani says, "value is a relation between two persons," "La *Ricchezza è* una ragione tra due persone" (Galiani: Della Moneta, p. 220, vol. III. of Custodi's Collection of the *Scrittori Classici Italiani di Economia Politica*, Parte Moderna, Milano, 1801). But he should have added, "a relation concealed within the things themselves."

of their own productions; the transformation of objects of utility into values is as much the work of society as the formation of language.

The scientific discovery made later, that labour products as so many values are the expression, pure and simple, of the expenditure of human labour in their production, marks an epoch in the history of the development of humanity, but by no means dispels the phantasmagoria which makes the social character of labour appear as a character of the labour-products themselves. That which is only true of this particular form of production (commodity-production), to wit, that the social character of the most diverse labours consists in their equality as human labour, and that this specific social character takes an objective form—the Value-form of labour products—this truth, for men caught in the network and the relations of commodity-production, appears invariable and natural both after and before the discovery of the nature of value, as does the gaseous nature of the atmosphere both after and before the discovery of its chemical elements.

That which, first of all, practically interests exchangers of products is to know how they should obtain an exchange of their products, that is to say, the proportion in which the products are to be exchanged one for the other. As soon as that proportion has acquired a certain habitual stability, it appears to them to arise from the very nature of the labour-products, so that, for example, a ton of iron and two ounces of gold are thought to be of equal value in the same sense as a pound of gold and a pound of iron, despite their different physical and chemical properties, are of the same weight.

The character of value of labour-products first becomes fixed when they operate as measures of value. The latter vary incessantly, independently of the will, the acts, and the foresight of the producers, in whose eyes their proper social movement takes the form of a movement of things, which controls the producers instead of being controlled by them. It is necessary that commodity-production should be completely developed before even experience discovers the scientific truth that private labours carried on independently of each other, although they are interlaced as ramifications of the social and spontaneous system of division of labour, are constantly reduced to their social proportionate measure, because in the accidental and ever-varying relations of exchange of the labour products, the social labour-time necessary for their production operates by main force as a prevailing law of nature, just as the law of gravity declares itself to a man when his

house falls about his ears(*rr*). The fixing of measures of value of labour-products by the duration of labour is thus a secret hidden under the apparent changes in the value of commodities. The discovery of that secret gets rid of the notion that measures of value are fixed by chance, as may seem to be the case; but it does not by any means get rid of their essential form(*ss*.)

Reflection on the forms of social life takes a course of development the direct opposite of the reality, and so therefore does the scientific analysis of that reality. It begins after the act, and therefore starts with the finished results of the process of development. The forms which endow the products of labour with the commodity-secret, and which therefore are at work already in their circulation, thus possess already the fixity of the natural forms of social life before men endeavour to analyse—not the historical character of the forms, but their familiar meaning. Thus it was only the analysis of the price of commodities which led to the determination of their qualitative value, and it is only the common expression of commodities in money which led to the fixing of the nature of their value. This form—the money-form—being once acquired and fixed in the commodity-world, has only the result of concealing instead of revealing the social character of private labours and the social relations of producers. When I say that wheat, a coat, a boot, are related to linen as a general incarnation of abstract human labour, the strangeness and falsity of this statement are at once obvious. But when the producers of the wheat, the coat, and the boot refer those commodities to linen—or to gold or silver, which does not alter the case—as a universal equivalent, the relations between their private labours and the general body of social labour appear exactly in this topsy-turvy form.

The categories of civil economy are forms of thought which have an objective reality, inasmuch as they reflect real social relations, but those relations belong only to that determinate

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rr "What is to be thought of a law which can only operate by means of periodical revolutions? It is simply a natural law, founded on the unconsciousness of those on whom it works." (Friedrich Engels: *Umrisse zum einer Kritik der Nationalökonomie*, in the *Deutsch-französische Jahrbücher*, edited by Arnold Ruge and Karl Marx, Paris, 1844.)

ss Thus Marx himself. The French translation edited by Maurice Lachâtre, however, which contains a note by Marx to the effect that he has read every word of the book, and that he regards it as being even more valuable in some respects than the German edition, amplifies the last clause of the sentence as follows:—"ne fait pas par cela disparaître la forme qui represente cette quantité connue un rapport de grandeur entre les choses, entre les produits eux-mêmes du travail."—T.B.

historical epoch in which the production of commodities is the mode of social production. All the mysticism which, like a fog, surrounds the products of labour at the time of their production, completely vanishes if we bring them into the presence of other modes of production.

Seeing that political economy loves its Robinsonades(*tt*), we will visit Robinson Crusoe in his island. Modest, as he naturally is, he still has a few different necessities to satisfy, and he finds it necessary to carry on different kinds of useful labour, for example, making furniture, making tools, taming animals, fishing, hunting, and so forth. Of his prayers and other similar bagatelles we have nothing to say, as our Robinson found pleasure therein, and considered such exercises as a recreation. Notwithstanding the variety of his productive powers, he knew that they were only the different modes in which the same Robinson declared himself; in other words, different kinds of human labour. Necessity drove him to divide his time between those different occupations. Whether one occupied more time and another less in his division of labour, depended upon the greater or less difficulty to be overcome in attaining the useful end he had in view. Experience would soon teach him that; and our Robinson, who had saved from the wreck a watch, pen and ink, and the ship's log, soon began, like the careful Englishman he was, to keep a diary of his daily doings. His inventory contained a detailed list of the useful things which he possessed, the different kinds of work necessary for their production, and lastly, the time-labour which he had to expend in producing fixed quantities of those different products. All the relations between Robinson and the objects forming the wealth which he had himself created, are so simple that even Herr M. Wirth might comprehend them without any great mental effort. Nevertheless all the essential conditions of value are contained therein.

Let us now transport ourselves from Robinson's enlightened isle into the dark ages of mediæval Europe. Instead of an independent man, we here find every one dependent, serfs and lords, vassals and suzerains, laics and clerics. This personal dependence characterises as well the social relations of material production as of all the other spheres of life for

(*tt*) Even Ricardo is not without his Robinsonade. The primitive huntsman and fisherman are, with him, merchants who exchange their fish and game by reference to the time-labour represented in their value. But this time he is guilty of a singular anachronism, for he makes his primitive huntsman and fisherman compute the value of their tools by the annuity tables in use on the London Exchange in 1817. The "Parallelograms of Mr. Owen" appear to be the only form of society known to him outside the ordinary economy.

which it serves as the foundation. And it is exactly because society is grounded upon personal dependence that all social relationships appear as the relationships of persons. Different kinds of labour and their products have therefore no need to adopt a fantastic shape, different from their real one. They present themselves as natural services and acts, based upon nature. The natural form of labour, its particularity—not its universality, or its abstract character, as in commodity-production—is here its direct social form. The service rendered in socage is as much measured by time as the labour which produces commodities; but each villein knows, without the help of any Adam Smith, that he expends a certain quantity of his personal labour-power in the service of his lord. The tithes to be rendered to the priest are more easily comprehended than the priest's blessing. Whatever, therefore, the character of the masks worn by men in this society, the social relationships of persons in their respective labours appear in any case as their proper personal relations, instead of disguising themselves as the social relations of objects produced by labour.

In order to meet with common labour, that is to say, direct social labour, that is direct associated labour, it is not necessary to revert to the natural primitive form under which it appears in the inception of every civilised community(*uu*). We have an example ready to our hand in the rustic and patriarchal industry of a family of peasants who produce corn, flour, yarn, linen, clothing etc., for their own necessities. These different objects present themselves to that family as the various products of their own labour, and not as commodities reciprocally exchangeable. The different labours by which these products are derived—ploughing, the raising of grain, spinning, tailoring, etc,—are, by their natural form, social functions, because they are the functions of a family which has divisions of labour, just as in the production of commodities. The natural conditions vary with the change in the seasons, and differences of age and sex, controlling the distribution of

(*uu*) It is a ridiculous idea which has extended even to these latter days, that the primitive form of common property was specially Slav or exclusively Russian. The same form is met with among the Romans, the Germans, and the Celts, and even to-day we can find a sample of it with different surroundings and by fragments and in ruins, in India. A close study of the forms of common property in Asia, and especially in India, will show what different modes of disintegration prevail. Thus, for example, the various original types of private property in Rome and amongst the Germans may have been derived from the various forms of common property in India.

labour, and its duration for each member of the family. The measure of the expenditure of the powers of each individual by the duration of the labour, here appears directly as a social character of the labours themselves, because the individual powers of labour only operate as members of the common power of the family.

Let us now regard a community of free men, labouring with common means of production, and expending, according to an arranged method, their numerous individual forces as one sole, single force of social labour. All that we have said of the labour of Crusoe is here reproduced, but socially and not individually. All Crusoe's products were his own personal and exclusive products, and were consequently objects of immediate utility for himself. The total products of the united workers are one social product. One part serves as the means of further production, and remains social; the other part is consumed, and should consequently be divided amongst them all. The mode of division will vary according to the particular kind of producing power of the community, and the historic development of the labourers. We will suppose, to put this state of things in comparison with commodity-production, that the part accorded to each labourer is proportioned to his labour-time. Labour-time thus plays a double part. On the one hand, its distribution among the community regulates the exact relation of different powers to different necessities; on the other hand, it measures the individual part of each producer in the common toil, and, at the same time, the portion which is allotted to him in the division of that part of the common product reserved for consumption. The social relations of men to their labours, and to the objects of utility which those labours produce, here remain simple and transparent both in production and distribution.

The religious world is only the reflection of the real world. A society in which the products of labour take commonly the form of commodities, and where in consequence the most usual relation between producers consists in comparing the values of their products, and in comparing one with another in the form of objects of utility—their private labours regarded as equal human labour—such a society finds in Christianity, with its cultus of abstract man, and especially in its commoner developments into Protestanism, Deism, etc., its most fitting representation. In the modes of production in primitive Asia, and in ancient times generally, the transformation of the product into the commodity plays only a subordinate rôle, which, however, acquires greater importance

as communities approach decay. Trading communities, properly so-called, only appear at intervals in the ancient world, like the Epicurean gods, or like the Jews in the pores of society in Poland. Ancient social organisms are, from the point of view of production, infinitely more simple and transparent than civil society; but they are either based upon the immaturity of the individual man, for whom historical development has not yet, so to speak, severed the umbilical cord which binds him to the natural community of the primitive tribe, or upon despotism and slavery. The inferior degree of the development of the productive powers of labour which characterises those ancient communities, and which impresses itself upon every part of their material life, and the confined nature of the relations of men, whether to each other or to nature, are all reflected in their religions. In general the religious reflection of the actual world only disappears when the conditions of labour and of practical life present to men transparent and rational relations with their fellows and with nature. Social life, which is based on material production and the relations involved therein, will not emerge from the nebulous mist which envelops it like a veil, until it can show the labours of an association of free men, working intelligently, and masters of their own proper social movements. But this, in its turn, demands conditions of material existence which can themselves only be the result of a long and arduous process of development.

Political economy has, though somewhat imperfectly, analysed value and extent of value(*vv*). But it has never

vv The insufficiency of Ricardo's analysis of the extent of value—and his is the best—will be shown in Books III. and IV. of this work. So far as regards value in general, classic political economy never clearly nor expressly distinguishes the labour represented in value from the same labour so far as it is represented in the Use-value of the product. Of course it makes this distinction, for it regards labour now from the point of view of quality, and anon from that of quantity. But it never occurs to it that a simple quantitative difference of labours supposes their unity or their qualitative equality, that is to say, their reduction to abstract human labour. Ricardo, for example, declares himself in accord with Destutt de Tracy, when he says, "As it is certain that our physical and moral faculties are alone our original riches, that the employment of those faculties in labour of some kind is our original treasure, and that it is always from this employment that all those things are created which we call riches, it is equally certain, too, that all those things only represent the labour which has created them, and if they have a value, or even two distinct values, they can only derive them from that (value) of the labour from which they emanate." (Ricardo, "The Priciples of Political Economy," 3rd Edition, London, 1821, p. 334.) We will only add that Ricardo takes the words of Destutt in too profound a sense. Destutt says,

demanded to know why labour is represented in value, and the measure of the labour, by its duration, in the extent of value of its products. Those forms which it is plain at a glance belong to a social period in which production and its relations ruled man, instead of being ruled by him, appear to the ordinary civil mind a necessity as natural as productive labour itself. It is not to be wondered at that it regards forms of production which have preceded civil production as the fathers of the Church regard those religions which preceded Christianity (*ww*).

indeed, on the one hand, that the things which constitute riches represent the labour which has created them, but, on the other hand, he assumes that they draw their different values (Use-value and Exchange-value) from the value of the labour. He thus falls into the mistake of the vulgar economy, which first assumes the value of one commodity—labour for example—in order to determine the value of the rest. Ricardo reads him as if he had said that labour (not its value) is represented as well in Use-value as in Exchange-value. But he distinguishes so little the double character of labour, that in his entire chapter upon "Value and Riches," he is reduced to discussing, one after another, the trivialities of one J. B. Say, and is quite astonished at the close to find that he agrees on the one hand with Destutt as to labour being the source of value, and on the other hand that he arrives at the same conclusion as Say with regard to value itself.

ww "The economists adopt a singular mode of precedure. For them there are only two kinds of institutions, those of art and those of nature. With them feudal institutions are artificial, and those of civil life are natural. In this they resemble those theologians who established two sorts of religions. Every religion but their own is an invention of man, but their own is an emanation from God." (Karl Marx: "Misère de la Philosophie"; Réponse à la "Philosophie de la Misère" par M. Proudhon, 1847, page 113). The drollest of them all is Bastiat, who imagines that the ancient Greeks and Romans lived entirely by robbery. But if a people lives for two or three centuries by robbery, there must be something for them to take, or the sources from which they take will require to be constantly replenished. It thus becomes necessary to believe that the Greeks and Romans had their modes of production, and consequently an economy which formed the material basis of their society, just as civil economy forms the basis of ours. Or did Bastiat think that it was a mode of production founded upon slavery, and based upon robbery in that sense? He is treading here upon dangerous ground. If a great thinker like Aristotle erred in his estimate of slave-labour, is a dwarf like Bastiat likely to be infallible in his estimate of wage-labour? I take this opportunity of saying a few words in reference to an objection made by an American-German journal to my work "Critique on Political Economy," which appeared in 1859. According to him, my opinion—that the fixed mode of production and the social relations which arise from it, in a word, that the economic structure of society, is the real foundation on which is raised the juridical and political edifice, in such a manner that the mode of production of material life controls in general the development of social, political, and intellectual life—according to him, I say, this opinion is correct as regards the modern world controlled by material

That which shows, amongst other things, the illusion produced amongst most of the economists by the fetishism inherent in the commodity world, or by the material appearance of the social attributes of things, is the long and vapid quarrel about the rôle of nature in the creation of exchange value. That value, being nothing more than a particular social mode of reckoning the labour employed in the production of an object, can contain no more material elements than, for example, the course of exchange.

In our society the most general and the most simple economic form—the commodity form, which attaches itself to labour-products is so familiar to all the world that nobody sees any trick in it. Let us, however, consider other and more complex forms. Whence arise, for example, the illusions of the mercantile system? Evidently from the fetish character impressed upon the precious metals by the money-form. And is modern economy, which is bold, and never weary of using over and over again its faded jests against the fetishism of merchants, any less the dupe of appearances? Is it not its first dogma that things, such as the tools of labour, are by their very nature capital, and that in seeking to despoil these things of their purely social character we commit a crime against nature? And finally, have not the physiocrats, so superior in every respect, imagined that the rent of land is not a tribute robbed from men, but a present made by nature herself to landed proprietors? But we will not anticipate, but will content ourselves with an example *à propos* of the commodity form itself.

If commodities could speak they would say:—"Our Use-value may be of interest to men; but for ourselves, as so many objects, we laugh at it. That which *we* look at is our value. Our relations among each other as objects of sale and purchase prove it. We only stand face to face with each other as Exchange-values." The economist thinks he interprets the mind of the commodity when he says:—

interests, but not for the middle ages, when catholicism prevailed, or for Rome, or Athens, where politics prevailed. It is strange that it pleases certain people to suppose that one is ignorant of the modes of speech common in the middle ages and in antiquity. What is plain is that the former could not live by catholicism nor the latter by politics. On the contrary the economic conditions of the respective periods explain why the principal part was played by catholicism in the one case, and by politics in the other. The least acquaintance with the history of the Roman republic, for example, shows that the secret of that history is the history of its landed property. On the other hand, everybody knows that Don Quixote had cause to rue his belief that knight-errantry was compatible with the varied economic forms of society.

"Value is a property of things, riches, of man. Value, in this sense, necessarily implies exchange; riches do not" (*xx*). "Riches (Use-values) are the attribute of man, value is the attribute of commodities. A man or a commodity is rich, a pearl or a diamond is valuable. A pearl or diamond is valuable *as a pearl or diamond*" (*yy*). No chemist has yet discovered Exchange-value in a pearl or diamond. The economists who have discovered or invented chemical substances of this kind, and who assume certain pretensions to profundity, find that the Use-values of things belong to them independently of their material properties, while their value belongs to them as so many objects. That which confirms them in this opinion is the strange circumstance that the Use-value of things is realised for men without exchange, that is, in a direct relationship between the thing and the man; while their value, on the contrary, is only realised in exchange, that is, in a social relationship. Who does not here call to mind the good Dogberry, and the lesson he gave to Seacoal: "To be a well-favoured man is the gift of fortune, but to write and read comes by nature"? (*zz*).

xx "Observations on some verbal disputes in Political Economy, especially relating to Value and Supply and Demand" (London, 1821), p. 16.

yy S. Bailey, p. 165.

zz The author of the *Observations*, and S. Bailey, accuse Ricardo of having made Exchange-value (a thing purely relative) something absolute. On the contrary, he has referred the apparent relationship which these objects, such as the pearl and the diamond, possess as Exchange-values, to the true relation hidden behind their appearance—to their relationship as simple expressions of human labour. If the partisans of Ricardo have only answered Bailey in a coarse and inconclusive manner, it is because they have not found, even in Ricardo himself, anything which explains the intimate relation which subsists between value and the form of value, i.e., Exchange-value.

CHAPTER II.

Of Exchange.

Commodities can neither go themselves to market, nor exchange themselves one with another. It is necessary therefore that we bestow some attention upon their guardians and conductors—in other words, their owners. Commodities are only things, and therefore offer no resistance to man. If they fail in good-will, he can use force—he can seize them(*a*). To bring things into relation one with another as commodities, their guardians must put themselves into relationship one with another as persons whose will resides in the things themselves in such a fashion that the will of one is also the will of the other, and that each, in appropriating the commodities of another, gives up his own by means of a voluntary and common act. They must thus look upon each other reciprocally as private owners. The juridical relation which takes the form of a contract, whether legally developed or not, is only the relation of wills in which is reflected the economic relation. Its material is furnished by the economic relation itself. The persons have here no concern with each other beyond the fact that they bring certain objects into relationship with each other as commodities. They only exist one for the other as representatives of the goods which they possess. We shall see moreover, in the development of our argument, that the various masks behind which, according to circumstances, they hide themselves are only the personification of the economic relations which they maintain with each other.

That which above all things distinguishes the exchanger from his commodity is, that for the latter all other com-

a In the 12th century, so renowned for its great piety, we often find things of great delicacy amongst commodities. Thus a poet of that epoch enumerates, among the goods found in the market at Landit, clothing materials, shoes, leather, agricultural implements, and "femmes folles de leurs corps."

modities are only the phenomenal forms of its own value. A born cynic, it is naturally ready at any moment to bargain away its soul, and even its body, for any other commodity whatever, even though that other be as devoid of charms as was Maritorna. That sense which in the commodity is wanting, and which would enable it to discern the concrete qualities of its fellows, the exchanger supplies from his own five (and more) senses. For him, his commodity has no direct Use-value: if it were otherwise he would not take it to market. The only Use-value it has for him is that it is a value-bearer, that it is useful to other people, and is therefore a means of effecting an exchange(*b*). He thus seeks to exchange it for other commodities, the Use-values of which will satisfy his needs. Commodities are not Use-values for those who possess them, but are Use-values for those who do not possess them. Thus it becomes necessary that they shall change hands all along the line. But their change of hands constitutes their exchange, and their exchange constitutes their relation one with another as values, and realises them as values. It is thus necessary that commodities should be manifested as values before they can be realised as Use-values.

On the other hand, it is necessary that their Use-value should be recognised before they can be realised as values; for the human labour expended in their production only counts in so far as it is expended in a form useful to others. Thus their exchange can only be demonstrated if the labour is useful to others, *i.e.*, if its product is able to satisfy the needs of others.

Each possessor of a commodity wishes to exchange it only for others, the Use-values of which satisfy his needs. In this sense exchange is, for him, purely an individual matter. On the other hand, he wishes to realise his commodity as a value in any other commodity he may choose, without troubling whether or not his own commodity has a Use-value for the possessor of the other commodity. In this sense exchange is for him a social general act. But the same act cannot be a simple individual act for all exchangers, and a simple, social, general act at the same time.

b "For the use of each thing is of two kinds; the one is proper to the thing itself, the other is not; a sandal, for instance, serves as a shoe, and also as a medium of exchange. From these two points of view the sandal is a Use-value, for he who exchanges it for that of which he is in need—food, I will assume—uses the sandal as a sandal, but not in its natural use, for that is not exactly to be exchanged (Aristotle, *De Rep.* I. 1. c. 9.)

Let us consider this more closely. For each commodity possessor, every commodity belonging to another is the particular equivalent of his own, and the latter is therefore the general equivalent of all the rest. But as all other commodity possessors are in the same case, no one commodity is a general equivalent, and the relative value of the commodities does not possess any general form under which they may be compared as quantities of value. In a word, they do not stand *vis-à-vis* as commodities, but merely as simple products or Use-values.

In their perplexity our exchangers think, as Faust did. Action is first; they act first and think afterwards, and their natural instincts only serve to confirm the laws arising out of the nature of the commodities. They can only compare their goods as values, and consequently as commodities which they compare with any other commodity which poses before them as a general equivalent. This has already been shown by the preceding analysis. But that general equivalent can only be the result of social action. A special commodity is thus by a common act set apart from all other commodities, and serves to show their reciprocal values. The natural form of that one commodity thus becomes the valid, social equivalent-form. The rôle of the general equivalent is hence the special social function of that exclusive commodity, and it becomes money. *Illum unum consilium habent, et virtutem et potestatem suam bestiæ tradunt. Et nequis possit emere aut vendere, nisi qui habet characterem aut nomen bestiæ, aut numerum nominus ejus* (*Apocalypse*).

Money is a crystal which forms itself spontaneously in exchange, by which different labour-products are in fact equalised amongst each other and thereby turned into commodities. The historical development of exchange more and more impresses on labour-products the character of commodities, and at the same time develops the contrast which conceals their true nature—that of Use-value and value. The necessities of commerce itself insist on the embodiment of this antithesis, tend to generate a palpable Value-form, and permit no rest or truce until that form is attained by the separation of commodities into commodities and money. In proportion as this general transformation of labour-products into commodities is accomplished, the transformation of one commodity into money is accomplished also(*c*).

c After this we can appreciate the civil socialism which seeks to perpetuate the production of commodities, and at the same time abolish "the opposition of commodities and money," or in other words, money

In the immediate exchange of products, the expression of value covers the simple relative form on the one side, but not on the other. That form was:—x commodity A = y commodity B. The form of immediate exchange is:—x objects of utility A = y objects of utility B. The objects A and B are not here commodities before exchange, but become so by exchange itself. From the moment when any useful object is in such abundance as to exceed the necessities of its producer, it ceases to be a Use-value for him, and in given circumstances becomes utilised as an Exchange-value. Objects are, by themselves, exterior to man, and are therefore alienable. In order that the alienation may be reciprocal it is simply necessary that men should stand to each other, by tacit consent, in the relation of private proprietors of these alienable objects, and consequently as independent persons. Such a relation of reciprocal independence, however, does not exist among the members of a primitive community, whether it is in the shape of a patriarchal family, an Indian community or as the Incas before Peru. Exchange of commodities begins where communities end—at their point of contact with other communities or the individuals forming them. When objects have once become commodities in the intercourse of the community with outsiders, they equally become so by a reverse process in the internal intercourse of that community. The proportion in which the articles are exchanged is at first purely accidental. They become exchangeable by the voluntary act of their possessors, who reciprocally determine to alienate them. Little by little the need of useful objects arising in the external community makes itself felt, and becomes consolidated. The constant repetition of the exchange turns it into a regular social matter, and in the course of time a portion, at least, of the objects of utility produced are specially produced with a view to being exchanged. From that moment the objects of utility produced are divided into two classes—one for immediate use, and the other for exchange: that is to say, a distinction is made between their Use-value and their Exchange-value. On the other hand, the proportion in which articles are exchanged begins to be regulated by their production. Custom determines their extent of value.

In the direct exchange of products, each commodity is the means of immediate exchange for him who owns it, but for him who does not own it, it only becomes an equivalent when it has

itself, for it only exists in that opposition. On this subject *vide* my "Critique on Political Economy," p. 61 *et seq.*

for him a Use-value. The object of exchange does not acquire any Value-form independent of its proper Use-value or the individual needs of the exchangers. The necessity for that form is developed in proportion to the increase in the number and variety of the commodities which by degrees enter into exchange, and the problem grows simultaneously with the means of solving it. Commodities are never exchanged or compared with others by their possessors without being exchanged and compared as values by those possessors with one single, third species of commodity. In becoming the equivalent of other commodities this third species immediately acquires, albeit within narrow limits, the general or social equivalent form. This general form is born and dies with the transient social contact which called it into being, and attaches itself rapidly in turns first to one commodity and then to another. As soon as exchange has reached a certain development this form attaches itself exclusively to one special kind of commodity, and crystallises itself under the money form. Chance in the first instance decides upon which kind commodity the form fixes itself; it may be said, however, that this usually depends on two decisive circumstances. The money-form adheres either to the leading imported articles which are the first to reveal the Exchange-value of indigenous products, or else to useful objects—or rather to one useful object—which forms the chief alienable article of native production, as, for example, cattle. Nomadic tribes are the first to develop the money-form, because all their goods and belongings are of a movable nature, and, therefore, immediately alienable. Further, their mode of life constantly brings them into contact with other people, by whom they are solicited to exchange their productions. Men have often, in the form of slavery, made man himself serve as the principal material of their money; but it has never been so with the soil. Such an idea could only take its rise in a civil society already developed. It dates from the latter part of the sixteenth century, and its realization on a grand scale, and by an entire nation, was only attempted a century later by France at the time of the Revolution in 1789.

In proportion as exchange breaks beyond purely local limits, and commodity values become more and more representatives of human labour in general, the money-form passes to those commodities the nature of which renders them specially fitted to fulfil the social functions of a general equivalent, that is to say, to the precious metals.

Seeing that "although silver and gold are not by nature

money, money may still by nature be gold and silver"(*d*). This shows the agreement and the analogy between the natural properties of those metals and the functions of money. But up to now we have only known one function of money—that of serving as the form in which the values of commodities are manifested, or as the material in which the extent of those values becomes socially expressed. Now, there is only one material which could take a form suitable to manifest the value, or serve as the concrete image, of abstract and consequently equal human labour, and it is the one of which all specimens are of the same uniform quality. On the other hand, as the values only differ in their quantity, the money commodity should be susceptible of purely quantitative differences; it should be divisible at will, and the parts should be equal to the whole. Everyone knows that gold and silver possess all these qualifications by nature.

The Use-value of the money commodity is double. Besides its particular Use-value as a commodity—as gold, for example, furnishes the material for articles of luxury—it acquires a formal Use-value which has its origin in its special social function.

As all commodities are the particular equivalents of money, and the latter is their general equivalent, it plays, *vis-à-vis* with them, the rôle of the universal commodity, and *vis-à-vis* with it, they play the rôle of particular commodities(*e*).

We have seen that the money-form, or money, is but the reflection, in one species of commodity, of the relations of value of all sorts of commodities. That money itself is a commodity can only be a discovery for him who takes as his starting point the form in which he finds it, and proceeds thence to analyse it(*f*). The operations of exchange do not give to the commodity which they transform into money its value, but its specific form of value. Confounding two things which are essentially distinct, it has become the custom to

d "The precious metals are naturally money" (Galiani: *Della Moneta*, in Custodi's Collection, *parte Moderna*, Vol. iii., p, 172).

e For ample details on this topic see the chapter "The Precious Metals" in my work already referred to.

f "Silver and gold themselves, which we may call ingots, are commodities the value of which rises and falls. The ingot has a greater value when, with a given weight of the metal, we can buy a greater quantity of commodities" ("A discourse of the general notions of Money, Trade, and Exchange, as they stand in relation to each other." By a Merchant. London, 1695, p. 7).—"Silver and gold, whether money or not, although they serve as the measure of all other things, are just as much commodities as wine, oil, tobacco, cloth, or woollen stuffs" ("A discourse concerning Trade, and that in particular of the East Indies," etc. London, 1689, p. 2).—"Gold and silver ought not to be excluded from the list of commodities" ("The East India Trade a most Profitable Trade." London, 1677, p. 4).

regard silver and gold as purely imaginary values(*g*). The fact that money in certain of its functions may be replaced by simple symbols of itself, has given rise to the other error, that it is nothing but a symbol.

On the other hand, that error enables us to foresee that money, under the appearance of a visible object, conceals in reality a social relation. In that sense every commodity would be a symbol, because it is of value only so far as it is the material embodiment of the human labour expended in its production(*h*).

But when we see nothing but simple symbols in the social

g "Gold and silver have their value as metals before they become money" (Galiani). Locke says:—"Silver has, by the universal consent of men, received an imaginary value because of those properties which fit it to fill the rôle of money." Law, on the contrary, says:—"How could various nations give an imaginary value to any object whatever, and how could that imaginary value be maintained?" But he knew nothing about the matter, for elsewhere he says:—"Silver is exchanged according to the Use-value it possesses, *i.e.*, according to its real value; by its adoption as money it acquires an additional value" (J. Law: "Considérations sur le numéraire et le commerce," p. 470).

h "Money is the symbol [of commodities]" (V. de Forbonnais, "Eléments du commerce," Leyden, 1766, t. II., p. 143). "As a symbol it is attracted by commodities" (*ibid*). "Money is a symbol of a thing, and represents it" (Montesquieu, "Esprit des Lois"). "Money is not merely a symbol, for it is itself riches; it does not represent values, it is equivalent to them" (Le Trosue, p. 910). Long before the economists, the jurists had brought into vogue the idea that money is only a symbol, and that the precious metals have only an imaginary value. Valets and sycophants of the royal power, they supported in the middle ages the right of kings and the falsification of money upon the traditions of the Roman empire, and according to the conception of the rôle of money which is found in the Pandects. "None can or should doubt," said their clever disciple, Philip de Valois, in a decree issued in 1346," that to us and to our royal majesty alone belong . . . the business, the act, the provision, and the whole ordinance of moneys, to direct such course, and for such price as we shall please and as to us shall seem good." It was a dogma of Roman law that the emperor should decree the value of money. It was expressly forbidden to treat it as a commodity:—"Pecunias vero nulli emere fas erit, nam in usu publico constitutas oportet non esse mercem." Excellent commentaries thereon are to be found in G. F. Pagnini: "Saggio sopra il giusto pregio delle cose," 1741 (Custodi, *parte moderna*, t. II.). In the second part of his notable work Pagnini directs his polemic against the jurists.

characters with which things are invested, or in the material characters which clothe the social conditions of labour on the basis of a given mode of production, we lend to them conventional fictions sanctioned by the so-called "universal consent of men." This was the method of explanation which prevailed in the 18th century; not being able to unravel either the origin or the development of the enigmatic forms of social relations, they encumbered them by declaring them to be something foreign and strange.

We have already remarked that the equivalent-form of a commodity reveals nothing as to its extent of value. If it is known that gold is money, that does not show us, for example, how much 10lbs. of gold are worth. Like all other commodities, money can only express its extent of value relatively, by means of other commodities. Its own value is determined by the labour-time necessary for its production, and is expressed by the quantity of other commodities requiring the same labour-time for their production(*i*). This fixing of its extent of relative value takes place at the very onset of its production, in its first exchange. As soon as it enters into circulation its value is fixed. It was well understood, even in the first years of the seventeenth century, that money is a commodity, but its analysis was then in its earliest stage. The difficulty was not to understand that money was a commodity, but to know how and why a commodity became money(*k*).

i "If a man can bring to London an ounce of silver out of the earth in Peru, in the same time that he can produce a bushel of corn, then one is the natural price of the other; now if by new and more easy mines a man can procure two ounces of silver as easily as he formerly did one, the corn will be as cheap at 10s. the bushel as it was before at 5s., *cæteris paribus*" (William Petty: "A Treatise on Taxes and Contributions," London, 1667, p. 31).

k According to Herr Professor Roscher we learn that:—"The false definitions of money may be divided into two groups—those according to which it is more, and those according to which it is less, than a commodity." Then he gives us a catalogue of works many and various on the nature of money, none of which throw any light at all on the history of the theory. "It cannot be denied," he says, "that most of the later economists have given but little attention to the niceties which distinguish money from other commodities [is it then more or less than a commodity?]. . . . In this sense the mercantilist reaction of Ganilh, etc., is not altogether groundless" (Wm. Roscher: "The Foundations of National Economy," 3rd edition, 1858, p. 207 *et seq.*). "More," "less," "a little less," "in this sense," "not altogether"—what clearness and precision of thought and speech! And it is such trashy professorial eclecticism as this that Herr Roscher modestly calls the "anatomico-physiological method of Political Economy"! One discovery, however, we owe to him viz., that "money is a pleasant sort of commodity."

We have already seen that in the simplest expression of value: *x* commodity A = *y* commodity B, the object by which the extent of value of another object is represented appears to possess its equivalent-form apart from the relation which, as a social property, it derives from nature. We have followed this deceptive apparition as far as its consolidation. That consolidation is achieved as soon as the general equivalent-form becomes exclusively attached to one particular commodity in which it is crystallised under the money-form. A commodity does not seem to become money, because other commodities reciprocally express their values by its means; on the contrary, the latter seem to express their values by it because it is money. The intermediate operation has vanished with the achievement of its result, and left no trace behind. Without appearing to do anything towards that end, commodities find their own values represented and fixed in the substance of a commodity existing beside, and external to, themselves. Those simple things silver and gold, as soon as they emerge from the bowels of the earth, figure as the incarnation of all human labour. Hence the magic of money.

CHAPTER III.

Money, or the Circulation of Commodities.

I.—*Measure of Values.*

We will suppose, for the sake of simplicity, that gold is the commodity which performs the functions of money.

The first function of gold is to furnish to the mass of commodities the material in which they may express their values as measures of the same denomination, of the same quality, and comparable in respect of their quantity. It operates as a universal measure of value. It is in virtue of that function that gold, the equivalent commodity, becomes money.

It is not money which renders commodities commensurable. On the contrary, it is because commodities, as so many values, are materialised human labour, and therefore commensurable one amongst another, that they can all measure their values by one special commodity, and so transform the latter into money—that is to say, make it their common measure. But the measure of values by money is the form which ought necessarily to invest their inherent measure, the duration of labour(*a*).

a To ask why money does not immediately represent the labour-time itself, as a bill represents say *x* hours of labour, is like asking why, the fact of commodity-production being given, labour-products must take the form of commodities, or why private labour cannot be treated as social labour—that is, as its opposite. I have dealt elsewhere with the Utopia of "money the reward of labour," in the midst of actual production itself. It may be remarked again in this place that the labour-money of Owen, for example, is no more money than is the counterfoil of a theatre ticket. Owen supposes, to begin with, a socialised labour, which is a form of production diametrically opposed to commodity-production. With him the certificate of labour meant simply the individual part of the producer in the common labour, and his individual right to that fraction of the common product destined for consumption. It never entered into Owen's mind to suppose commodity-production on the one hand, and to seek to escape on the other hand from his own inevitable conditions by the intricacies of money.

The expression of value of a commodity in gold: *x* commodity A = *y* commodity money, is its money form, or its price. An isolated equation such as: 1 ton of iron = 2 oz. of gold, now suffices to show the value of the iron in a socially valid manner. An equation of that kind no longer needs to figure as a link in a chain of equations of all other commodities, because gold, the commodity equivalent, already possesses the money character. The general form of relative value of commodities has now thus regained its primitive aspect, its simple form.

The commodity money, on its part, has no price. To enable it to take part in the relative value form which is common to all other commodities, it is necessary that it should serve as its own equivalent. On the contrary Form II., where the value of a commodity was expressed in an interminable series of equations, becomes the exclusive value-form for money. But that series is already expressed in the price of commodities. It is only necessary to read a price-list inversely to find the price of gold in all sorts of commodities.

The price, or money form, of commodities is something ideal, and, like the general value-form, is distinct from the substance or natural form of the commodities themselves. The value of iron, linen, wheat, &c., resides in the articles themselves, though it is invisible. It is represented by their equality with gold, by a relationship with the metal which only exists, so to speak, in the heads of the commodities. The exchanger is thus obliged either to lend them his own tongue, or else put words on paper to announce their price to the outer world(*b*).

The expression of the value of commodities in gold being altogether ideal, it is necessary for that operation to have an ideal gold, which exists only in the imagination.

Every dealer knows very well that he is a long way from having realised any gold by his commodities when he has, in imagination, given to their value the price-form or the gold-form; and that he can estimate in gold the value of a million of

b The savage or semi-savage uses his tongue differently. Captain Parry remarks, for example, of the inhabitants on the west coast of Baffin's Bay:—"In this case (the exchange of products) they pass the tongue twice upon the article presented to their view, after which they seem to think the bargain is duly concluded." The Esquimaux, in the same fashion, lick the things they sell as well as those they receive in return. If in the north the tongue is used as the organ of appropriation, it is not surprising that in the south the abdomen should pose as the organ of accumulated property, and that the Kaffirs should judge of a man's wealth by his corpulency.

commodities without a grain of real gold at all. In its function as a measure of values, money is only employed as ideal money. This fact has given rise to some of the wildest theories(*c*).

But though money, as a measure of value, only operates ideally, and the gold used for that purpose may consequently be nothing but imaginary gold, yet the price of commodities depends none the less completely on the material of the money. For example: the value of a ton of iron—that is, the *quantum* of human labour contained in it—is expressed in imagination by the *quantum* of the commodity money which costs just the same amount of labour. According as the measure of value is expressed in gold, silver, or copper, the value of the ton of iron is expressed in prices totally different from each other, or rather, is represented by differing quantities of copper, silver, and gold. Thus if two different commodities, *e.g.*, are at the same time used as measures of value, all commodities will have two different modes of expressing their price: they have their gold price and their silver price, which run tranquilly side by side so long as the ratio of the value of silver to that of gold remains constant—so long, for instance, as they remain in the ratio of 1 to 15. Every alteration in that ratio of value changes *pro tanto* the proportion which exists between the gold price and the silver price of commodities, and thus demonstrates that the function of a measure of values is incompatible with its duplication(*d*).

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c See my "Critique on Political Economy," chapter on "Theories of the Unit-measure of money."

d Wherever gold and silver legally maintain a position together as money, that is to say, as a measure of value, it is always vain to attempt to treat them as one and the same thing. Suppose the same quantity of labour to be invariably materialised in the same proportion of gold and silver; that is, suppose, in fact, that silver and gold are the same material, and that a given *quantum* of silver, the metal which has the lesser value, is an invariable fraction of a given quantity of gold. From the reign of Edward III. until the time of George II., the history of money in England shows a continual series of perturbations, arising from the conflict between the legalised relations of value of silver and gold, and the oscillations of their real value. At one time gold was estimated too high, at another silver. The metal estimated below its value was withdrawn from circulation, re-melted, and exported. The relation between the value of the two metals was then again legally altered. But, as before, the new nominal value-ratio was soon in conflict with the real value-ratio. In our own day, the weak and passing fall in the value of gold as compared with that of silver, arising out of a demand for silver in India and China, has produced in France the same phenomenon upon a more extended scale—the exportation, and forcing out of circulation, of silver by gold. During the years 1855, '56, and, '57, the importation of gold into France exceeded the exportation by £41,580,000, while the exportation of silver exceeded its importation by £14,740,000. In fact, in countries where both metals are legal measures of value, and must therefore both be taken into account, and where everyone may pay at pleasure either with the one or the other, the metal which is rising in value carries an Agio [the difference between the value of a current or bank-note and standard money.—J.B.] and, like every other commodity, measures its price by the over-estimated metal, the latter being employed only as a measure of value. The experience which history affords on this point reduces itself to this, that where two commodities legally operate as measures of value, this function is, in reality, discharged by one of them alone (Karl Marx, *l.c.*, p. 52, 53).

The commodities, the price of which is determined, present themselves under this form: *a* commodity A=*x* gold; *b* commodity B=*z* gold; *c* commodity C=*y* gold, etc., in which *a*, *b*, *c*, are fixed quantities of the species of commodities, A, B, C, and *x*, *y*, and *z* fixed quantities of gold. As quantities of the same denomination, or as different quantities of the same thing, gold, they are compared and measured with each other, and thus is developed the technical necessity that they should be related to a fixed determinate *quantum* of gold as a unit of measure. This unit of measure itself is then further developed as the standard by its division into aliquot parts. Before they become money, gold, silver, and copper already possess such standard in their weights as metals, so that, for instance, a pound serves as a unit of measure, that unit being again subdivided into ounces, and so on(*e*). In all money circulation, therefore, the pre-existing names of the standards of weight thus serve as the name of the money standard, or standard of price.

As a measure of value, and as a standard of price, gold fulfils two totally different functions. It is a measure of value so far as it is the general equivalent, and it is a standard of price so far as it is a fixed weight of metal. As a measure of value, it serves to transform the values of commodities into price, that is, into quantities of imaginary gold. As a standard of price, it measures given quantities of gold against a *quantum* of gold fixed and determinate, and sub-divided into aliquot parts. In the measure of value, commodities express their own value;

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e The strange fact that the unit of measure of English money, the ounce of gold, is not subdivided into aliquot parts, is explained in the following manner: "Our coinage was originally adapted to the employment of silver only. Hence an ounce of silver can always be divided into a certain adequate number of pieces of coin; but as gold was introduced at a later period into a coinage adapted only to silver, an ounce of gold cannot be coined into an adequate number of pieces" (Maclaren: "History of the Currency," London, 1858, p. 16).

the standard of price, on the contrary, only measures quantities of gold against one *quantum* of gold, and not the value of one *quantum* of gold against the weight of another. For the standard of price it is necessary that a determinate weight of gold may be fixed as the unit of measure. Here, as in all determinations of measure among quantities of the same name, the fixity of the unit of measure is absolutely necessary. The standard of price thus does its work much better than the quantity of gold, and its sub-divisions are much less liable to change. On the other hand gold can only serve as a measure of value because it is itself a product of labour, and is thus susceptible of a variable value(*f*).

It is evident, to begin with, that any change in the value of gold cannot affect its function as a standard of price. Whatever the changes in the value of gold, different quantities of gold always maintain the same proportion to each other. Though that value should fall 100 per cent, twelve ounces of gold would be, as before the fall, worth twelve times as much as one ounce, and in the price nothing operates but the ratio of various quantities of gold to each other. It follows that the weight of an ounce of gold does not vary in the least by reason of any rise or fall in its value, nor does the weight of its aliquot parts alter; gold therefore renders the same service as a standard of price, whatever changes may take place in its value.

The change in the value of gold does not, therefore, put any obstacle in its way as a measure of value. That change affects all commodities together, and consequently leaves, *cæteris paribus*, their relative extents of value unaltered, although now, as before, they express themselves in a higher or lower gold-price(*g*).

In estimating commodities in gold, it is only supposed that the production of a given quantity of gold costs, at a given time, a certain amount of labour. As for the fluctuations in the price of commodities, they are regulated by the laws of simple relative-value developed above.

A general rise in the price of commodities can only take place when commodity-values rise, if the price of money remains constant, and when commodity-values remain

f In English works the confusion between "measure of value" and 'standard of value" is inexplicable. The functions, and consequently their names, are constantly misplaced.

g "Silver may constantly change in value and nevertheless serve as a measure of value just as well as if it remained perfectly stationary" Bailey: "Money and its Vicissitudes," London, 1837, p. 11).

constant, if the price of money falls. Inversely, a general fall in the price of commodities can only take place when commodity-values fall, if the price of money remains constant, and when commodity-values rest, if the price of money rises. It does not by any means follow that a rise in the price of money necessitates a proportionate fall in the price of commodities, or that a fall in the price of money necessitates a proportionate rise in the price of commodities. This could only be the case with commodities of invariable value. Commodities the value of which rises in the same proportion and at the same time as the price of money, maintain their price; if their value rises slower or faster than the price of money, the fall or rise in their price will depend on the difference between the fluctuations in their value and the fluctuations in the price of money, and so on.

Let us return to the consideration of the price-form.

The money-names applied to given weights of metal have, from various causes, been more and more widely separated from the original names of those weights, and modified from historic causes, which may be thus stated:— (1). The introduction of foreign money into only partially developed communities, as for example, when foreign silver and gold coins first came into circulation amongst the Romans as foreign commodities. The names of these strange coins differed from the indigenous names of weights. (2). With the development of wealth the functions of the less precious metals, as standards of value, were absorbed by the more precious metals, copper being supplanted by silver, and silver by gold, although this order of succession may differ from those of poetic chronology(*h*). The word "pound" was the money-name used for a veritable pound of silver. As soon as gold had replaced silver as the standard of value, this name was given to a gold coin of perhaps one-fifteenth of a pound of gold, according to the ratio of value of gold and silver. "Pound," as the name of a coin, is now distinct from the same word as the name of a weight(*i*). (3) The falsification by rulers, during the centuries, which has left nothing of the original weights but their mere names(*k*).

h These are, however, not of general historical validity.

i Thus the English pound now means less than a third of its original weight: the Scotch pound (before the Union) only one-thirty-sixth; the French pound one-seventy-fourth; the Spanish maravedi less than one-thousandth; and the Portuguese rei a still smaller proportion.

k "Le monete le quali oggi sono ideali sono le piu antiche d'ogni nazione, e tutte furono un tempo reali, e perchè erano reali con esse

In the course of time this separation of the ordinary names of weights of metal from the money-names has grown into a popular custom. The money standard is on the one hand purely conventional, and as, on the other hand, it requires social validity, it was at length regulated by law. A proportion of a given weight of a precious metal, *e.g.*, an ounce of gold, was officially sub-divided into aliquot parts, bearing the legal baptismal names, as pound, crown, etc. Such aliquot part, which then serves as the real standard unit, becomes in its turn divided into other aliquot parts, also with legal baptismal names, as shilling, penny, &c.(*l*). After as well as before, a given weight of metal remains the standard of metallic money. Nothing is changed but the sub-division and the nomenclature.

The prices, or the *quanta* of gold into which the values of commodities are theoretically changed, are now expressed by the money-names or legally valid counting-names of the gold standard. Thus instead of saying that one quarter of wheat is equal to an ounce of gold, it is said in England to be equal to £3 17s. 10½d. The commodities themselves express what they are worth by their money-name, and the gold, as often as it refers to an article as a value and fixes it in the money-form, serves as a counter(*m*).

The name of a thing is something different from its nature. I know nothing of a man if I only know that his name is James. Just so does every trace of value-relation vanish in the money-names—pound, thaler, franc, ducat, etc. The confusion caused by the mode in which these cabalistic tokens are regarded, is increased by the fact that the money-name expresses the value of a commodity, and at the same time the aliquot part of a given weight of metal(*n*). On the other hand it is necessary

si contava" (Galiani, "Della Moneta," p. 153). ["Moneys which are to-day ideal are the oldest moneys of all countries, and they were all at one time real: and because they were real, they serve the purpose of reckoning."—J.B.]

l David Urquhart, in his "Familiar Words," remarking upon the alarming fact that in our day a pound sterling is not usually more than a quarter of an ounce of gold, says, "This is falsifying a measure, not establishing a standard." He sees above all things, in this result, the falsifying hand of civilization.

m When Anacharsis was asked what the Greeks used gold for, he replied, "To reckon with."—Athenæus, Deipn. I, IV.

n "Because money as a stardard of price appears under the same name as the price of commodities—as, *e.g.*, an ounce of gold expresses the price of a ton of iron just as well as £3 17s. 10½d,—the "counting name"

that the value, to distinguish between the various bodies in the commodity-world, should clothe itself in this incomprehensible yet simple social form(*o*).

The price is the money-name of the labour materialised in the commodity. The equivalent of the commodity and the sum of money the name of which is its price is therefore tautology(*p*), as the relative expression of value of a commodity is always the expression of the equality of two commodities. But though the price, as the expression of the extent of value of a commodity, is the expression of its exchange-relation with money, it does not follow that the converse is true, viz., that the expression of the exchange-relation of a commodity with money is necessarily the expression of its extent of value. Socially necessary labour of equal quantity is represented in a quarter of wheat and in £2 sterling (usually half-an-ounce of gold). The £2 sterling is the money-expression of the extent of value of the quarter of wheat, that is, its price. If now it happens that the quarter of wheat be estimated at £3 sterling, or at £1 sterling, £1 is too little, and £3 too much, as an expression of the extent of value of the wheat, but they are still its price, for, firstly, they are its value-form, money, and, secondly, they are the expressions of its exchange-relation with money. Under constant con-

has been dubbed the "money price." This has given rise to the marvellous notion that gold (or silver) may be valued by means of itself, and that, unlike all other commodities, the precious metals have their prices fixed by a State decree. The fixing of the names of certain weights of gold has been confounded with the fixing of the values of those weights (Karl Marx, *l.c.*, p. 52).

o Cf. "Theories of the Unit-measure of Money," in my "Critique on Political Economy," p. 53, *et seq.* The illusions respecting the raising or lowering of the "price of money," which arise from the attempts of the State to apply the legal money-names for a legally fixed proportion of gold or silver to greater or less proportions (as, for example, the conversion of a quarter of an ounce of gold into forty shillings instead of twenty)—these illusions, in so far as they are not the unskilful operations of financiers against State and private creditors, but wonderful economical curses, Petty has so well handled in his "Quantalum-cumque concerning Money: To the Lord Marquis of Halifax, 1682," that his immediate successors, Sir Dudley North and John Locke, to say nothing of later writers, have not been able to upset him. "If the wealth of a nation," he says, "could be decupled by a proclamation, it were strange that such proclamations have not long since been made by our governors."

p "Ou bien, il faut consentir à dirè qu'une valeur d'un million en argent vaut plus qu'une valeur égale en marchandises" (Le Trosne, *l.c.*, p. 922), or in other words, "qu'une valeur vaut plus qu'une valeur égale," [that a value is worth more than an equal value].

ditions of production, or constant productive-power of labour, an equal quantity of social labour-time must be expended to produce the quarter of wheat both before and after the rise or fall in its price. This circumstance does not depend upon the will of the wheat-producer, or of other commodity-producers. The extent of value of the commodity thus expresses a necessary relation, closely connected with its production, between the article and the social labour-time necessary to produce it. As soon as the extent of value is transformed into a price, this necessary relation appears as a relation of exchange between the commodity itself and the money-commodity which exists external to it. In this relation the extent of value of the commodity can be quite as well expressed as the greater or less value at which, under given circumstances, it is alienable. The possibility of a quantitative incongruity between the price and the extent of value, or the deviation of the price from the extent of value, thus consists in the price-form itself. This ambiguity, instead of being a fault in the price-form, is, on the contrary, one of the advantages of that form, because it adapts it to a mode of production in which the rule only becomes a law by the blind operation of irregularities which, as a whole, compensate and mutually destroy each other.

The price-form only admits the possibility of a quantitative divergence between the extent of value and the price, that is to say, between the extent of value and its proper money expression; but still it may conceal an absolute contradiction in such a way that the price altogether ceases to express the value, although money is only the value-form of a commodity. Things which are not of themselves commodities, as, for example, honour, conscience, etc., may become venal, and thus acquire, by the price paid for them, the commodity-form. A thing may thus formally have a price, without having a value. The price here becomes an imaginary expression, like certain quantities in mathematics. On the other hand, the imaginary price-form, as, for example, the price of uncultivated land, which has no value because no human labour is realised in it, may conceal relations of real though indirect value.

Like the relative value-form in general, the price expresses the value of a commodity, a ton of iron we will say, in such a way that a certain quantity of the equivalent, *e.g.*, an ounce of gold, is immediately exchangeable for the iron, while the reverse is by no means the case, the iron not being immediately exchangeable with the gold. In order to have the practical effect of an exchange-value, the commodity must

get rid of its natural body, and convert itself from simply imaginary gold into real gold, even though this transubstantiation may be more troublesome to it than the passage of the Hegelian "Idea" from necessity to liberty, or a crab leaving its shell, or the putting away of the old Adam to Jerome(*q*). Close to this real aspect (that of iron, for instance), the commodity may possess in its price an ideal aspect of value, or an aspect of imaginary gold; but it cannot at the same time be real iron and real gold. In order to give the iron a price it is sufficient to declare its equality with gold purely ideal; but it is requisite to replace it with real gold if it is to serve its possessor as a general equivalent. If the owner of the iron, treating with the owner of a commodity desired by everyone, referred to the price of the iron as though it were a money-form, the owner of the much-coveted article would answer as Peter did in Paradise when Dante came to him reciting the formulæ of the faith:—

> "Assai bene è trascorsa
> Desta moneta già la lega e'l peso,
> Ma dimmi se tu l'hai nella tua borsa."(*r*)

The price-form includes within itself the alienability of commodities with money, and also the necessity of that alienation. On the other hand gold only operates as an ideal measure of value because it already finds itself drawn into the course of exchange as a money-commodity. Hard cash therefore lurks in the ideal measure of value.

II.—*Means of Circulation.*

A) The Metamorphosis of Commodities.

The exchange of commodities, as we have seen, can only be effected by fulfilling certain conditions, which are contradictory to, and exclusive of, one another. The development of the commodity does not get rid of this contradiction, but creates the form in which it can move; it is, moreover, the only mode in which real contradictions can be reconciled. It is, for

q If Jerome in his youth had a tremendous struggle with the material self because of the fascinating images which presented themselves constantly to his imagination, he struggled equally in his old age with the spiritual self. "I imagined myself in spirit before the ruler of the world. 'Who art thou?' said he. 'I am a Christian.' 'Thou liest,' was the reply, '*thou art only a Ciceronian.*'"

r "The alloy and weight of that money are well tested: but tell me, hast thou it in thy purse?"—J.B.

example, a contradiction that one body is constantly falling towards another and is yet constantly moving away from it. The ellipse is one of the forms of motion in which this contradiction is at once realised and explained(*s*).

So far as exchange causes commodities to pass over from the hands in which they have no Use-value, to the hands in which they serve as Use-values, the process is a social exchange of material. The product of one kind of useful labour takes the place of the product of another kind. Once arrived in the place where they serve as Use-values, commodities fall from the sphere of exchange into that of consumption. It is only the former which concerns us here. This material circulation is only brought about by a series of changes of form, or a

s The allusion here is evidently to the elliptical form of the orbits of the earth and the other members of the solar system. The original tendency of each planet is to fly off in a straight line into space, while the influence of the sun's immense superiority in size and mass draws each planet towards it, and controls and keeps them all revolving around it as a centre. The earth, for example, is thus kept revolving round the sun by the operation of these two opposing forces, one of which tends to carry it off in a straight line into space, and the other to draw it, also in a straight line, to the sun. The result of the working of these opposite forces is that the earth moves round the sun, not in a circle of which the sun is the centre, but in an *ellipse*, of which the sun is one focus. It is a fact, though one difficult to realise without mathematical knowledge, that in December the earth is three millions of miles nearer to the sun than in June, and travels more rapidly at the former period than at the latter. This fact was first observed by Kepler, and led him to formulate one of the most beautiful, and at the same time one of the most abstruse and recondite, of those wonderful principles known as "Kepler's Laws"; the law in this case being that although in equal times the earth moves over a greater or smaller distance, yet the spherical triangle formed by drawing one straight line from the earth to the sun at any given point of its orbit, and another straight line from the earth to the sun when the former has covered one-twelfth of its orbit (say from the middle of June to the middle of July), is of an equal area to the spherical triangle formed by drawing similar straight lines from the earth to the sun in the middle of December and the middle of January respectively. The straight lines will be longer in summer than in winter, but the triangles will be of exactly the same area, because in winter the earth moves over a greater part of its orbit in a given time than in summer. The same is true of any two triangles (or any number of triangles) of which one side is always the space travelled over by the earth in a fixed time. In connection with the ellipticity of the planetary orbits it is interesting to note that Sir John Herschell states that the elliptical form of the orbit of the earth is gradually changing to that of a circle, after which the oval form will again be assumed, the longer axis of the ellipse then occupying the place now occupied by the shorter axis. When, says Herschell, after many thousands of years this cycle of changes has been completed, the great bell of eternity will have tolled one.—J.B.

metamorphosis of the commodity, and it is this entire process that we have now to study.

The morphological side of this movement is somewhat difficult to comprehend, because every change in the form of the commodity is effected by the exchange of two commodities. A commodity discards, so to speak, its usual form in order to assume the Money-form. How does this come about? Through its exchange with gold. A simple exchange of two commodities is the palpable fact; but the matter wants closer investigation.

Gold is at the one pole, and all useful articles at the other. At each pole there is a commodity—a union of use-value and exchange-value. But this union of opposites is manifested differently at the two poles. The Use-value of a commodity is its real form, while its exchange-value is only expressed ideally, in imaginary gold, by its price. The natural form of gold, its metallic form, is, on the other hand, its general form of exchangeability—its value-form, while its use-value is only expressed ideally in the series of commodities which figure as its equivalents. Gold, as a commodity, exchanges itself with gold, and by the same act changes its usual form into its value-form. When gold exchanges itself with a commodity, it changes its value-form into its usual form.

Let us now go to the theatre of action—the market. We will accompany there some exchanger—our old friend the weaver, for example. His commodity, twenty yards of linen, has a fixed value. He exchanges it for £2, and then, being a man of the old stamp, buys a family Bible with the money. The linen, which for him is only a commodity, a value-bearer, is sold for gold; and that image of value is, in its turn, parted with for the Bible. But that enters his house as a Use-value, and there gives solace to the minds of his household.

This exchange is not accomplished without two opposed metamorphoses, each of which is the complement of the other—the transformation of one commodity into gold, and the re-transformation of the gold into another commodity(*t*).

(*t*) "Ἐχ δὲ τοῦ . . . πυρὸς ἀνταμείβεσθαι πάντα, φησιν ὁ Ηράκλειτος, καὶ πῦρ ἀπάντων, ὥσπερ χρυσοῦ χρήματα καὶ χρημάτων χρυσός," F. Lassalle: "The Philosophy of Heraclitus the Obscure" (Berlin, 1858, vol. I., p. 222). Lassalle, in his note on this passage, wrongly explains gold to be a mere token of value. [The passage may be thus translated:—"Fire changes itself into all things, and all things change themselves into fire, as Heraclitus says, just as gold into commodities and commodities into gold."—J.B.]

These two metamorphoses, from the possessor's point of view, show two actions at once: sale, the exchange of a commodity for money; and purchase, the exchange of the money for a commodity. The sum total of these two actions is—selling in order to buy.

The result of this transaction to the weaver is that he now possesses a Bible instead of the linen; instead of his first commodity he has another of equal value but of different utility. In the same way he procures his other means of living and of production. From his point of view the movement of sale and purchase only serves to replace one product of labour by another, or to exchange different products.

The exchange of the commodity thus implies the following changes of form:—

Commodity—Gold—Commodity.
C. G. C.

Considered in its purely material aspect, this movement amounts to C.—C., the exchange of one commodity for another—the permutation of the materials of social labour, the steps of the process being lost in the result.

We shall now, in turn, examine separately each of these two successive metamorphoses which the commodity undergoes.

C.—G. *First Metamorphosis of the Commodity, or Sale.* The leap of the commodity-value from the commodity to the gold is its perilous leap. If it fails here it is not the commodity which suffers damage, but its owner. The social division of labour increases his necessities and diminishes his productive capacity. It is exactly for this reason that his product only serves him as an Exchange-value or a general equivalent. The socially valid equivalent-form is money, and that money is in other people's pockets. In order to draw it thence, it is before all things necessary that the commodity shall have a Use-value for the buyer, that labour has been expended upon it in a form socially useful, or that it shall prove itself a genuine member of the social division of labour. But the division of labour is a naturally developed production-organism, the threads of which are woven out of sight of the producers of commodities, and without their knowledge. Perhaps the commodity is the product of a new kind of labour, which is destined to satisfy, or even to generate, new needs. Mixed up only yesterday with the numerous functions which go to make up a single trade, a particular branch of it may to-day detach itself from the whole, and isolate itself and send to market its own partial products as commodities, whether circumstances are or are not ripe for the process of separation.

A product satisfies to-day a social need; to-morrow it may be partially or wholly replaced by a rival product. Then, although the labour, say of our friend the weaver, is a recognised member of the social division, the Use-value of his twenty yards of linen is by no means guaranteed. If the need for linen in the community—and that need, like every other, has its limits—is already supplied by rival weavers, the product of our friend becomes superfluous, and therefore useless. We should never look a gift horse in the mouth, and he does not crow about the present he is going to make to the market. Suppose, however, that the Use-value of his product is proved, and the commodity attracts money. The question now is—"How much money?" The answer is already furnished by anticipation in the price of the commodity, the exponent of its extent of value. We take no account of the mistakes made by the vendor, or of any errors in his reckoning, which are without mercy set right in the market. He has only spent upon his product the time socially necessary for its production. The price of his commodity is thus only the money-name for the average time-labour required to produce any article of the same sort. But without the permission or even the knowledge of our weaver the old social conditions of production have been changed; the time required yesterday to produce a yard of linen is not needed to-day, as the buyer proves to our friend by quotations from the price lists of his neighbours. There are other weavers in the world beside himself, as he finds to his sorrow. Suppose lastly that each piece of linen in the market has only cost the labour socially necessary to produce it. Nevertheless, the sum total of these pieces of linen may represent labour expended to no advantage. If the capacity of the market is not equal to absorbing all the linen at the nominal price of 2s. per yard, that proves that too much social labour has been expended in the form of weaving. The effect is the same as if each individual weaver had expended more labour than was necessary to provide his quota. The old proverb is applicable here: "Together caught, together hung." All the cloth in the market constitutes but one article of commerce, of which each piece is an aliquot part.

As we have seen, commodities love money, but "the course of true love never runs smooth." The social organism of production, the separate members—*disjecta membra*—of which arise from the division of labour, bear the impress of spontaneity or choice according as we regard the functions of the members themselves, or their relations

of proportionability. Thus the exchangers discover that the very division of labour which constitutes them private independent producers, renders the course of production, and the relations which it creates, quite independent of their own wills, in such a way that the independence of the persons in respect to each other finds its necessary complement in a system of mutual dependence imposed by the things.

The division of labour transforms the product of labour into a commodity, and thereby necessitates its transformation into money. At the same time it makes the success of that transubstantiation uncertain. Here however we have to consider the phenomenon in its integrity, and we must thus suppose that its course is nominal. For the rest, if the commodity is not positively unsaleable, its change of form always takes place whatever its selling price may be.

Thus the phenomenon which in exchange is most obvious is that a commodity and gold—say 20 yards of linen and £2 sterling—change hands or change places. But for what is the commodity exchanged? With its own general value-form, or its general equivalent. And with what gold? With a particular form of its Use-value. Why does gold present itself as money to the cloth? Because £2 sterling, the money name of the cloth, is already related to gold as so much money. In exchange the commodity despoils itself of its primitive form, that is to say at the moment when its Use-value really attracts the gold which is only represented in its price.

The *realisation of the price*, or the purely ideal form of the commodity, is at the same time the universal realisation of the purely ideal Use-value of the money. The transformation of a commodity into money is the simultaneous transformation of the money into a commodity. One and the same transaction is bi-polar; from one pole, the possessor's point of view, it is sale; from the other pole, the point of view of the holder of the gold, it is purchase. In fact, *sale is purchase*; C—G equals G—C(*u*).

We have hitherto recognised no other economic relation of men than that of exchangers, a relation in which they only appropriate the product of alien labour in alienating their own. If therefore one of these exchangers presents himself to the other as the possessor of money, one of two proposi-

u "All sale is purchase" (Dr. Quesnay: "Dialogues sur le Commerce is es Travaux des Artisans." Physiocrates, ed. Daire, Part I., p. 170, Paris, 1847), or, as the same author says in his *Maximes générales*, "To sell is to buy."

tion must be true:—Either the product of his labour possesses naturally the form of money, that is to say, his labour produces gold or silver, *i.e.*, the material of which money is made; or his commodity has cast its skin, it has been already sold, and has been thereby deprived of its original form. In order to discharge the functions of money, gold must naturally enter into the market at some point or other. It enters into the market at the very source of its production, that is to say, when it barters itself as an immediate labour-product for another product of equal value.

But from that moment it always represents *the price of a realised commodity*(*v*). Apart from the barter of gold for commodities at the source of production, gold is, in the hands of an exchanger of produce, the product of sale, or of the first metamorphosis of his commodity, C—G.(*w*) The gold becomes *ideal* money or a measure of value because commodities express their value in it, and thus make of it their imaginary value-form in opposition to their natural form as useful products. It becomes *real* money by the universal alienation of commodities, which movement converts all the latter into gold, and completes the metamorphosis of their form into gold, no longer in imagination, but in reality. The last vestige of their Use-value, and of the concrete labour which gave them birth, having thus vanished, nothing remains but the homogenous, protoplasmic mass of undistinguishable human labour. We cannot tell, by looking at a piece of money, what article has been exchanged for it. One man sees in the money-form something very different from another. Money may thus be dirt, although dirt is not money.

Suppose now, that the two pieces of gold for which our weaver has exchanged his commodity arise from the transformation of a quarter of wheat. The sale of the linen, C—G, is at the same time a purchase of something else, G—C. When the linen is sold, that commodity begins a movement which ends by its opposite, *the purchase of the Bible;* when the linen is bought, it ends a movement which begins by its opposite, the sale of the wheat. C—G (linen—money), the first phase of C—G—C (linen—money—Bible), is at the same time G—C (money—linen), the last phase of another

v "The price of one commodity can only be paid with the price of another commodity" (Mercier de la Rivière: "L'Ordre naturel et essentiel des sociétés politiques." Physiocrates, ed. Daire, Part II., p. 554).

w "In order to have this money, it is necessary to have sold" (*l.c.*, p. 543).

movement C—G—C (wheat—money—linen). *The first metamorphosis of a commodity*, its conversion from the commodity-form to the money-form, is always *the second and opposite metamorphosis of another commodity*, its re-conversion from the money-form into the commodity-form.(*x*)

G—C—Second and final metamorphosis—Purchase.—Money is the commodity which possesses the character of absolute alienability, because it is the product of the universal alienation of all other commodities. It reads all prices inversely, and reflects itself in the bodies of all products as the material which draws them to itself in order that they may become use-values for it. At the same time the prices which are, so to speak, the amorous glances which the commodities cast upon the money, indicate the limit of its faculty of conversion, that is to say, its proper quantity. The commodity disappears in the act of its conversion into money, and in that disappearance neither perceives how it came into the hands of its possessor nor what thing has been transformed into itself. It is impossible to realise—*non olet*—whence it had its origin. If on the one hand it represents commodities sold, it represents on the other hand commodities to be bought.(*y*)

G—C, purchase, is at the same time sale, C—G, the last metamorphosis of one commodity and the first of another. As for our weaver, the career of his commodity terminates with the Bible, into which he has converted his £2 sterling; but the vendor of the Bible spends that sum in brandy.

G—C, the last phase of C—G—C (linen—money—Bible), is at the same time C—G, the first phase of C—G—C (Bible—money—brandy).

The social division of labour confines each producer-exchanger to the manufacture of a special article, which he often sells wholesale, while his numerous necessities compel him to employ the money thus obtained in more or less numerous purchases. One sale thus gives rise to many purchases. The final metamorphosis of one commodity thus forms the starting-point of a number of first metamorphoses of other commodities.

Let us now examine the complete metamorphosis which is the result of the two movements C—G and G—C. These are

x The single exception to this, as we have already remarked, is the case of the actual producer of the gold and silver, who sells his produce without having previously bought it.

y "If money represents in our hands the things which we may desire to buy, it represents also the things which we have sold for that money" (Mercier de la Rivière *l.c.*, page 586).

accomplished by two opposite transactions on the part of the exchanger, sale and purchase, which impart to him the double character of seller and buyer. Just as in every change of the form of a commodity its two forms of commodity and money exist simultaneously, although at opposite poles, just so do the two forms of the exchanger, seller and buyer, appear in each transaction of sale and purchase. Just as one commodity, the linen for example, undergoes alternately two opposite transformations, the commodity becoming money and the money a commodity, just so does its possessor play alternately the parts of seller and buyer in the market. These characters, instead of being fixed attributes, are thus seen to pass in their turn from one exchanger to another.

The complete metamorphosis of the commodity, even in the simplest form, pre-supposes four terms and three *dramatis personæ*, commodity and money, the possessor of the commodity and the possessor of the money. One of these exchanges appears first in his rôle of seller, or possessor of the commodity, and then his rôle of buyer, or possessor of money (*z*). As the final term of the first metamorphosis, the money is at the same time the point of departure for the second. In the same way the seller in the first act becomes the buyer in the second, where a third possessor of a commodity presents himself to him as a buyer.

These two opposed movements in the metamorphosis of a commodity describe a circle: the commodity-form, the effacement of that form by money, the return to the commodity-form.

This circle begins and ends with the commodity-form. At the point of departure it attaches itself to a product which has no Use-value for its owner, and at the point of return it attaches itself to another product which does possess a Use-value for him. Here we again remark that money thus plays a double rôle. In the first metamorphosis it places itself before the commodity as its Value-form, which elsewhere, in someone else's pocket, is a substantial and ringing reality. As soon as the commodity is changed into the chrysalis of money, the money ceases to be a solid crystal. It is no more than the transitory form of a commodity, its equivalent-form, which must vanish and change into a Use-value.

The two metamorphoses which constitute the circulat movement of one commodity are formed simultaneously of the partial and inverted metamorphoses of two other commodities.

z "Thus there are four terms and three contractors, one appearing twice over" (Le Trosne, *l.c.* page 908).

The first metamorphosis of the linen, for example (linen—money) is the second and final metamorphosis of the wheat (wheat—money—linen). The final metamorphosis of the linen (money—Bible) is the first metamorphosis of the Bible (Bible—money). The circle which forms the series of metamorphoses of each commodity is thus intertwined in the circles which form the others. The entire course of all the circles constitutes *the circulation of commodities*.

The circulation of commodities is essentially distinct from the immediate circulation of products. To be convinced of this, it is only necessary to take a retrospective glance at what has already been said. The weaver has unconditionally exchanged his linen for a Bible—his own commodity for another; but that phenomenon is true only for him. The vendor of Bibles, who prefers the heat to the cold, does not think of exchanging his Bible for linen, and so forth.

The commodity of B is substituted for the commodity of A; but A and B do not reciprocally exchange their commodities. It may, of course, happen that A and B buy of each other, but that is a special case, not necessarily related at all to the general conditions of circulation. Circulation, on the contrary, enlarges the sphere of the material permutations of social labour by emancipating producers from the local and individual limits which are inseparable from the immediate exchange of their products. On the other hand, that enlargement itself gives place to an aggregation of social relations, which are independent of the agents of circulation and beyond their control. For example, the weaver can sell his linen because the farmer has sold his wheat; the printer can sell his Bibles because the weaver has sold his linen; the distiller can sell his brandy because the printer has sold his Bibles; and so on.

Circulation is extended no further, as an immediate exchange, in the change of place or hands of products. The money does not disappear, although it is eliminated at the end of each series of metamorphoses of *one* commodity. It always precipitates itself upon that particular point of the circulation which has been vacated by the commodity. In the complete metamorphosis of the linen (linen—money—Bible), it is the linen which enters first into circulation. The money replaces it. The Bible comes after it, the money replaces that; and so on. Then when the commodity of one exchange replaces that of another, the money remains always in the hands of a third. The circulation perspires at every pore in its pursuit after the money.

Nothing is more silly than the dogma according to which

circulation necessarily implies the equilibrium of sales and purchases, seeing that every sale is a purchase, and *vice versa*. If it simply means that the number of sales actually effected equals the number of purchases, it is nothing more than a tautological platitude. But what it pretends to prove, is that the seller leads his own buyer to market. Sale and purchase are an identical act, as being the reciprocal relation of *two persons polarically opposed*, the possessor of the commodity and the possessor of the money. As acts *of the same person*, sale and purchase constitute two acts polarically opposed. The identity of sale and purchase entails the consequence that the commodity becomes useless; if once thrown into the alchemist's crucible of circulation, it does not come thence as *money*. If one does not buy, the other cannot sell. This identity supposes, moreover, that the success of the transaction constitutes a resting-point, an intermediate stage, which may endure for a greater or less time, in the life of the commodity. The first metamorphosis of a commodity being at once sale and purchase, this partial process is at the same time separable and independent. The buyer has the commodity, the seller has the money, that is to say, a commodity gifted with the form which makes it welcome at the market whenever it may appear. No one can sell wlthout a buyer; but none is forced to buy because he has previously sold.

Circulation leaps the barriers by which time, space, and the relations of one individual to another straiten the barter of products. But how? In commerce by barter no one can alienate his own product unless some other person simultaneously alienates his. The immediate identity of these two acts introduces the antithesis of sale and purchase. After having sold, I am not forced to buy, either at the same place, at the same time, or of the same person to whom I have sold. It is true that purchase is the necessary complement of sale, but it is no less true that their union is the union of opposites. If the separation of the two complementary phases of the metamorphosis of commodities is prolonged, if the schism between sale and purchase is emphasized, their intimate union makes itself powerfully felt by—a crisis. The contradictions which the commodity conceals, of Use-value and value, of private labour which at the same time ought to be represented as social labour, of concrete labour which is only of value as abstract labour, of the personifying of the object and the objectivising of the person—these contradictions, immanent in the nature of the commodity, acquire in circulation their forms of movement. These forms imply the possibility—but only the possibility—of crises. In order that that possibility may

become a reality, a chain of circumstances would be necessary which, from the point of view of the simple circulation of commodities, does not yet exist (*aa*).

Money fulfils the function of the means of circulation of commodities.

B). The Course of Money.

The movement C—G—C, or the complete metamorphosis of a commodity, is circulation in the sense that one and the same value, after undergoing changes of form, reverts to its original form, that of a commodity. Its money-form, on the contrary, disappears as soon as the circulation is accomplished. As soon as the vendor has completed the sale by the purchase, the money slips from the fingers of its original possessor. The movement given to money by the circulation of commodities is thus not circulatory. It goes from the hand of its possessor without ever returning. It is true that if the weaver, after selling his twenty yards of linen and then buying his Bible, sells more linen, the money will return to him. But it does not proceed from the circulation of the first twenty yards of linen, by which instead it passed from his hands into those of the seller of Bibles. It comes back only by the renewal or repetition of the same circulatory movement for a new commodity, which brings about the same result as at first. The movement imparted to money by the circulation of commodities constantly sends it farther from its starting-point, in order to make it pass without ceasing from one hand to another. This it is which is called the course of money, or *currency*.

The course of money is the constant and monotonous repetition of the same movement. The commodity is always on the side of the seller, and the money always on the side of the buyer as the means of purchase. In this respect its function is to realise the prices of commodities. In realising those prices it causes the commodities to pass from the seller to the buyer, while it itself passes from the latter to the former, in order to recommence the same course with another commodity.

At first sight this unilateral movement of the money does not appear to proceed from the bilateral course of the commodity. Circulation itself engenders the opposite idea. It is true that in the first metamorphosis the movement of the commodity is just as apparent as that of the money with which it changes places. But with that movement it falls as a Use-value out of the sphere of circulation into that of consumption. The Value-form, or gold-larva, steps into its place. In the second metamorphosis it no longer wears its natural coat, but its gold coat. The continuity of the movement thus falls to the money alone. It is the money which appears to cause the circulation of commodities which, of themselves, are inert, and to make them pass from the hand where they have no Use-value to the hand where they have a Use-value, and in a direction always opposite to that of the money. It constantly pushes commodities farther from the sphere of circulation, takes their place, and moves away from its own place. Although the movement of money may only be the expression of the circulation of commodities, it is, on the contrary, the circulation of commodities which appears to be the result of the movement of money (*bb*).

On the other hand money only operates as the means of circulation, because it is the value-form of realised commodities. Its movement, as a means of circulation, is thus only their own proper form of movement, which must consequently be reflected by, and become palpable in, the course of money. This is precisely what happens. The linen, *e.g.*, changes first its commodity-form into its money form. The final term of its first metamorphosis (G—C), the money-form, is the first term of its final metamorphosis, its reconversion into the commodity form—the Bible (C—G). But each of these changes of form is accomplished by an exchange of the commodity and money, or by their mutual displacement. The same pieces of money change places with the linen in the first act and with the Bible in the second. They are twice displaced. The first metamorphosis of the linen puts them into the weaver's pocket, and the second metamorphosis brings

aa See my remarks upon James Mill in "A Criticism, etc.," pp. 74—76. Two points are here characteristic of the method of economic apologetics. In the first place they identify the circulation of commodities and the immediate exchange of products, by a simple abstraction of their differences. In the second place they attempt to do away with the contradictions of capitalist production, by reducing the relations of its agents to the simple relations which result from the circulation of commodities. But the circulation of commodities and the production of commodities are phenomena which appertain to modes of production totally different, although to a different extent and within a different range. They know as yet nothing of the specific differences of these modes of production, and they cannot judge of them if they know nothing but the common abstract categories of the circulation of commodities. In no science are elementary and commonplace things of such importance as in political economy.

bb "Money has no other movement than that which is imparted to it by products" Le Trosne *l.c.*, p. 885).

them out of it again. The two opposite changes of form which the same commodity undergoes, are thus reflected in the double change of place, in opposite directions, of the same pieces of money. If, on the other hand, there is but a single metamorphosis of the commodity—mere sale or mere purchase, as the case may be—the same money only changes place once. Its second change of place always expresses the second metamorphosis of the commodity—its reconversion into money. It will, of course, be easily understood that all these metamorphoses are only the repetition of the metamorphosis of a single commodity.

Each commodity at its first entry into circulation—its first change of form—falls out of circulation to make way for others. Money, on the other hand, as the means of circulation, always remains, and continually moves, within the sphere of circulation. Hence arises the question—How much money is that circulation able to absorb?

In any one country there are occurring daily, numerous simultaneous and concurrent single metamorphoses of commodities; or, in other words, mere sale on the one hand and mere purchase on the other. The prices of these commodities are already expressed in given quantities of money. The quantity of money required for the direct circulation of all these commodities brought to the market—the money being at one pole and the commodities at the other—is therefore represented by the sum total of the prices of the said commodities. As a matter of fact the money really only represents that sum already ideally expressed in the prices of the commodities. The equality of these sums (the real and the ideal) is therefore understood and self-evident. We know, however, that if the values of the commodities remain constant, their prices will vary according to the value of gold (the material of which the money is made), rising according to the fall of the gold-value, and falling according to its rise. The total quantity of money in circulation must thus rise or fall in proportion as the sum total of the commodity-prices rises or falls. The change in the total quantity of money in circulation thus arises of necessity from the money itself, though not because of its function as a means of circulation, but because of its function as a measure of value. The price of the commodity changes first according to the value of money, and then changes the total quantity of money in circulation directly according to the prices of the commodities. Just the same phenomenon would arise if, for example, instead of gold falling in value, silver took its place as a measure of value; or if, instead of silver rising in value, gold supplanted

it as a measure of value. In the one case more silver would have to circulate than gold previously, and in the other, less gold than silver previously. In both cases the value, of the money-material would have changed—the value, that is, of the commodity which served as the measure of value; and therefore the expression of the prices of the commodity-values, and also the total quantity of money in circulation, which served to realise those prices, would have changed too. It has been seen that the sphere of commodity circulation furnishes a haunt into which gold (or silver, or any money-material) enters as a commodity of fixed value. This value is assumed from the function of gold as a measure of value, and so from the state of prices. If now, for example, the value of this measure of value falls, the effect of the fall appears first in the change in the prices of commodities which are directly exchanged with the precious metals at the source whence those metals are produced. In less developed states of society many other commodities continue to be estimated at a metal-money value which has become *passée* and illusory. That state of things will continue during a shorter or longer time, in proportion to the degree of development of the universal market. Gradually, however, one commodity influences another by its value-relation to it; the gold-price or money-value of the commodities gradually reaches a condition of equilibrium, until at length the values of all the commodities are estimated according to the new value of metal-money. This movement is accompanied by a continuous augmentation of the precious metals, which step in to replace the commodities bartered for them. In proportion as the corrected tariff of commodity-prices becomes generalised, and is followed by a general rise in prices, the surplus metal-money requisite for their realisation is ready to hand. Imperfect observation of the events which followed the discovery of new gold and silver mines led—in the seventeenth century, and more especially in the eighteenth—to the erroneous conclusion that a general rise had taken place in the price of commodities, because greater quantities of gold and silver were in use as the means of circulation. In the considerations which follow we assume the value of gold to be fixed, as indeed it is in effect the moment prices are fixed.

By this supposition the total quantity of money in circulation is conditioned by the sum total of the prices of the commodities to be realised. If the price of each commodity is assumed to be fixed, the sum total of the commodity-prices will, of course, depend on the quantity of commodities in circulation. We can calculate, without much brain-racking,

that if one quarter of wheat costs £2 sterling, 100 quarters will cost £200; 200 quarters £400, and so on; and that as the quantity of wheat to be exchanged increases, so must the quantity of money increase which is to change places with that wheat.

The total quantity of commodities being given, the quantity of money in circulation fluctuates with the changes of commodity-prices. It rises and falls, because the sum total of the commodity-prices, in consequence of their change of price, increases or decreases. But it is by no means necessary that the prices of all commodities shall rise or fall together. The rise in price of a given number of leading articles in the one case, and the fall in price in the other, is sufficient to cause a rise or fall in the sum total of the prices of the commodities to be realised, and thus to put more or less money into circulation. The effect upon the sum total of the circulating medium is the same whether the change in the commodity-prices represents a real change of value, or a mere vacillation of the market prices.

Given a certain number of non-reciprocal sales (or partial metamorphoses), which take place simultaneously side by side, say of one quarter of wheat, twenty yards of linen, one Bible, and four gallons of brandy. If the price of each article is £2, the sum total of the prices to be realised will thus be £8, and therefore £8 must come into circulation. Let the same commodities on the other hand, constitute the succession of metamorphoses we have already studied: one quarter of wheat —£2—twenty yards of linen—£2—one Bible—£2—four gallons of brandy—£2; the same £2 thus causes all four commodities to circulate in the order named, each in its turn realising its price, and the money finding its way at last into the hands of the distiller. The money thus accomplishes four moves. These repeated changes of place of the same pieces of money represent a double change of form of the commodities—their movement through two opposite stages of circulation, and the interlacing of the metamorphoses of different commodities (*cc*).

cc "Ce sont les productions qui le (l'argent) mettent en mouvement et le font circuler . . . Le celerité de son mouvement (sc. de l'argent) supplée à sa quantité. Lorsqu'il en est besoin, il ne fait que glisser d'une main dans l'autre sans arrêter un instant" (Le Trosne, *l.c.*, pp. 915, 916.) [Products set it (money) in motion and make it circulate . . . . The rapidity of the movement (of the money) serves instead of quantity Whenever it is wanted, it glides from one hand to another without a moment's pause.—J.B.]

The opposed and complementary movements which make up this series take place successively, not simultaneously, and more or less time is required for their accomplishment. The rapidity of the circulation is measured by the number of changes of place made by the same pieces of money in a given time. Suppose the circulation of these four commodities lasts one day. The sum total of their prices is £8; the changes of place of the money are four; the sum total of the money in circulation is £2. We thus have the following equation:—

$$\frac{\text{Total Commodity-prices}}{\text{Times the money changes hands.}} = \text{Total money in circulation.}$$

This rule is of universal application. The law is universal. The process of circulation in any country in a given time comprises indeed on the one side many isolated sales (or purchases), or partial and simultaneous metamorphoses, in which money only changes place once or makes one move; on the other hand there is a series of metamorphoses, more or less complicated, taking place side by side and interlacing one with the other, in which a piece of money makes moves more or less numerous. The actual pieces of money making up the sum total of the money in circulation thus operate with varying degrees of activity, but the total number of pieces of each denomination realise, at a given time, a certain price-total. The sum total of movements made by all the money in circulation establishes an average number of movements for each piece, and an average duration of time for each movement. For example, the sum total of money thrown into circulation at any given moment is naturally fixed by the sum total of the prices of the commodities sold side by side. But in this very process every piece of money is, so to speak, acting reciprocally on its fellows. If one moves more quickly, another moves more slowly, or is perhaps thrown altogether out of the sphere of circulation, seeing that the whole circulation can only absorb an amount of money which, multiplied by the average number of movements, is equal to the sum total of the prices to be realised. If the movements of the circulating money augment, its mass diminishes; if its movements diminish its mass augments. The average rapidity of movement being given, the mass of money which serves as the means of circulation is thus at the same time fixed. To withdraw a certain number of sovereigns out of the circulation, it is sufficient to put into circulation an equal amount of paper money (bank notes), a trick well known t every banker.

Just as the general course of money receives its impulse in the direction of the commodity-circulation, just so the rapidity of its movement only reflects the rapidity of changes of form in those commodities, the continual return of the series of metamorphoses one upon the other, the rapid vanishing of the commodities out of the sphere of circulation, and the equally rapid substitution of new commodities in their place. In the accelerated movement of money thus appears the ever-changing unit (*c*) of opposed and complementary phases, the transformation of the usual aspect of commodities into their aspect of value, and the re-transformation of their aspect of value into their usual aspect, *i.e.*, the union of the two processes of sale and purchase. Inversely, the slackening of the course of money causes the separation of these phenomena to become manifest, as well as their tendency to isolate, in opposition to each other the interruption of the changes of form, and consequently of the permutations of materials. The circulation of course does not allow it to be seen whence that interruption proceeds, but only shows the phenomenon itself. The common notion which, when it sees the circulation of money slackening, sees money appear and disappear less frequently at every point of the periphery of circulation, is driven to seek an explanation of the phenomenon in the insufficient quantity of circulating metal (*d*).

c "Flüssige Einheit," the idea being that while the constituents of the mass are constantly changing, the mass itself remains the same. "Flowing unit," is the literal translation, but it does not accurately express Marx's idea.—J. B.

d "Money being . . . the common measure of buying and selling, everybody who has anything to sell, and cannot procure chapmen for it is presently apt to think that want of money in the kingdom or country is the cause why his goods do not go off; and so, want of money is the common cry, which is a great mistake . . . What do these people want who cry out for money? . . . . The farmer complains . . . . He thinks that were more money in the country he should have a price for his goods . . . Then it seems money is not his want, but a price for his corn and cattle, which he would sell but cannot . . . . Why cannot he get a price? . . . (1) Either there is too much corn and cattle in the country, so that most who come to market have need of selling, as he has, and few or buying; or (2) There wants the usual vent abroad by Transportation; or (3) The consumption fails, as when men, by reason of poverty, do not spend so much in their houses as formerly they did, wherefore it is not the increase of specifick money, which would at all advance the farmer's goods, but the removal of any of these three causes, which do truly keep down the market. The merchant and shopkeeper want money in the same manner, that is, they want a vent for the goods they deal in, by reason that the markets fail . . . A nation never thrives better than when riches are tost from hand to hand."—Sir Dudley North; "Discourses upon Trade," London, 1691, pp. 11-15 *passim*.) The lucubrations of Herrenschwand may be summarised by the statement that the con-

The sum total of money which at one time operates as the means of circulation is thus determined on the one hand by the sum total of the prices of all the commodities in circulation, and on the other by the relative rapidity of their metamorphoses. But the sum total of commodity-prices depends upon both the quantity and the price of each species of commodity. These three factors, the variation in prices, the quantity of commodities, and the rapidity of the circulation of money, may vary in different proportions and in different directions. The sum total of the prices to be realised, and consequently the sum total of circulating money required for that realisation, may thus be the result of numerous combinations, of which we shall only mention here those which are of the most importance in the history of commodity-prices.

The prices remaining constant, the sum total of the money in circulation may increase, while the quantity of commodities in circulation increases, the rapidity of the circulation of money decreases, or both remain constant. Inversely, the sum total of the money in circulation may decrease if the quantity of commodities in circulation decreases, or the rapidity of the circulation of money increases.

The prices being universally raised, the sum total of the money in circulation may remain constant if the quantity of commodities in circulation diminishes in the same proportion as their prices rise, or if the rapidity of the circulation of money increases as rapidly as the rise in prices while the quantity of commodities in circulation remains constant. The sum total of the money in circulation may decrease, while the quantity of commodities in circulation decreases, or the rapidity of the circulation of money increases more in proportion than their prices.

The prices being universally lowered, the sum total of the money in circulation may remain constant if the quantity of commodities in circulation increases in the same proportion as the prices fall, or if the rapidity of the circulation of money diminishes in the same proportion as the prices fall. That sum total may increase if the quantity of commodities in circulation increases more quickly, or if the rapidity of the

traditions resulting from the nature of commodities, and which are manifested in commodity-circulation, are the direct consequence of an increase in the quantity of money in circulation. But, it is a popular delusion to attribute the stagnation or stoppage of the processes of commodity-production and commodity-circulation to a lack of money; it does not by any means follow that the *real* lack of circulating money, caused by official meddling with the "regulation of the currency," is not the very cause of that stagnation.

circulation of money decreases more quickly than the prices fall.

The variations in these different factors may reciprocally compensate each other, so that notwithstanding their perpetual instability the sum total of the prices to be realised, and consequently the sum total of the money in circulation will remain constant. As a matter of fact, if we consider long periods of time we shall find that a much more constant average quantity of money is in circulation than we should have been led to expect—always excepting of course those periodic disturbances which for the most part are caused by industrial and commercial crises, or (though these are far less frequent) from a change in the value of the precious metals.

The law that the quantity of circulating money is determined by the sum total of the circulating commodities and the average rapidity of circulation (*e*) may be thus expressed:—The sum total of the commodity-values and

e "There is a certain measure and proportion of money requisite to drive the trade of a nation, more or less than which, would prejudice the same, just as there is a certain proportion of farthings necessary in a small retail trade, to change silver money, and to even such reckonings as cannot be adjusted with the smallest silver pieces. . . . . Now as the proportion of the number of farthings requisite in commerce is to be taken from the number of people, the frequency of their exchanges; as also, and principally, from the value of the smallest silver pieces of money; so, in like manner, the proportion of money (gold and silver specie) requisite to our trade, is to be likewise taken from the frequency of commutations, and from the bigness of payments" (William Petty: "A Treatise on Taxes and Contributions," London, 1667, p. 17). The theory of Hume that "Prices depend on quantity of Money" was defended against J. Steuart and others, by A. Young in his "Political Arithmetic," London, 1774, p. 112 *et seq.* I have remarked in "Zur Kritik," &c., p. 149, that Adam Smith is silent upon the question of the quantity of money in circulation, while he deals with money as a mere commodity from a wrong point of view. This, at the same time, is only true in so far as he treats the money question *ex officio*. Occasionally, however, he treats the subject correctly, as for example in his criticism of the earlier systems of Political Economy:—"The quantity of coin in every country is regulated by the value of the commodites which are to be circulated by it. . . . The value of goods annually bought and sold in any country requires a certain quantity of money to circulate and distribute them to their proper consumers, and can give employment to no more. The channel of circulation necessarily draws to itself a sum sufficient to fill it, and never admits any more ("Wealth of Nations," Book I., IV., chapter 1). Adam Smith similarly commences his work *ex officio* with an apotheosis of the division of labour. Later, in the last Book, on the sources of the revenue of the state, he reproduces the observations of his master, A. Ferguson, denouncing the division of labour.

the average rapidity of the commodity metamorphoses being given, the sum total of the precious metals in circulation depends on the value of the metals themselves. The illusion that the commodity-prices are, on the contrary, determined by the sum total of the money in circulation, and that this sum total is in its turn determined by the quantity of the precious metals in the country (*f*), has its origin in the absurd hypothesis that commodities and money enter into circulation, the one without price and the other without value, and that an aliquot part of the whole mass of commodities is therefore exchangeable with an aliquot part of the heap of metal (*g*).

f "The prices of things will certainly rise in every nation, as the gold and silver increase among the people; and, consequently, where the gold and silver decrease in any nation, the prices of all things must fall proportionately to such decrease of money" (Jacob Vanderlint: "Money answers all Things," London, 1734, p. 5). A close comparison of Vanderlint's work and Hume's Essay convince me, beyond all doubt, that Hume knew and made use of the earlier work. The idea that the quantity of money in circulation determines the price is found in Barbon, and many writers before him. "No inconvenience," says Vanderlint, "can arise by an unrestrained trade, but very great advantage . . . . since, if the cash of the nation be decreased by it, which prohibitions are designed to prevent, those nations that get the cash will certainly find everything advance in price, as the cash increases among them. And . . . . our manufactures and everything else will soon become so moderate as to turn the balance of trade in our favour, and therefore fetch the money back again" (*l.c.*, p. 44).

g It is self-evident that every single kind of commodity constitutes, by its price, an element of the sum total of prices of all the commodities in circulation; but it is impossible to understand how a collection of Use-values incommensurable one with another can be exchanged with any quantity of gold or silver which may be found in a country at any given time. If we reduce the whole contents of the commodity-world to one unique universal commodity, of which each single commodity is only an aliquot part, we have the following absurd equation:—The universal commodity = *x* cwts. of gold: commodity A = equals an aliquot part of the universal commodity = the same aliquot part of *x* cwts. of gold. This is stated with charming *naïveté* by Montesquieu:—"If we compare the mass of gold and silver which is in the world with the mass of commodities also there, it is certain that each ware or commodity may be compared with a certain portion of the other (the money). *Suppose there were but a single ware or commodity in the world*, or only one buyer, *and that this ware was divided like money*; one portion of that commodity would answer to one portion of the mass of money; half the total of one to half the total of the other, etc. . . . the establishment of the price of the things depends always fundamentally upon the proportion of the whole of the things to the money" (Montesquieu, *l.c.*, v. III., pp. 12, 13). For the development of this theory by Ricardo, and by his disciples—James Mill, Lord Overstone, and others, see my "Zur Kritik," &c., pp. 140-146, and pp. 150, *et seq.* Mr. John Stuart Mill

C) Coins. Value-Tokens.

The coin has its origin in the functions which money fulfils as the means of circulation. The weights of gold, for instance, expressed in the prices or money-names of commodities must come into the circulation as coins. Like the determining of standards of price, the business of coining falls to the state. The various national uniforms worn by gold and silver as so many coins, but of which they are despoiled in the market of the world, distinguish clearly between the internal or national spheres of circulation and the wider and more general sphere in which commodities circulate.

Ingot gold and coined gold only differ in shape, and gold may constantly pass from one form to the other (*h*).

On leaving the money-form the coin finds it is on its way to the melting-pot. In its course money (say gold coin) loses something—some coins more, some less. The gold name and the gold substance, the nominal thing and the real thing, begin a process of separation. Gold coins of the same name become of unequal value, because of unequal weight. The weight of gold indicated by the standard of price is no longer found in the circulating money, which thus ceases to be the equivalent of the commodities the prices of which are to be realised. The history of money in the Middle Ages, and in modern times down to the eighteenth century, is nothing but the history of this confusion. The natural tendency of circulation to transform real gold into the semblance of gold, or the coin into a mere symbol of an official weight of metal, is recognised in the most recent laws respecting the exact loss of metal which puts the coin out of circulation, or, so to say, demonetises it.

The course of money, in separating the real contents from the nominal contents, and differentiating the metallic existence and the functional existence, of species, already implies the latent possibility of supplying the functions of the coin by means of paper-money. The technical difficulties in the way of coining very small weights of gold, and the fact that the inferior metals originally served as money until dethroned by gold—silver instead of gold, and copper instead of silver—explains historically the rôle of silver and copper as substitutes for gold coin. They take the place of gold in those transactions where the movement of money is most rapid, that is to say, where sales and purchases incessantly take place upon the very smallest scale. In order to prevent these satellites from usurping the place of gold, the law fixes the quantities in which they shall be accepted as legal tenders. The particular circles in which the different sorts of money run are naturally interlaced one with another. Odd money, or change, for example, is required to complete the fractional parts of gold coins; gold constantly comes into the circulation, but it is as constantly thrown out of it again by the small change which takes its place (*i*).

The metallic substance of silver and copper tokens is fixed by law. In circulation these waste away much faster than

with his fluent eclectic logic, has managed to hold his father's opinion and the opposite view at the same time. If we compare the text of his treatise, "The Principles of Political Economy," with the preface to his first edition, in which he holds himself forth as the Adam Smith of our epoch, we know not which to admire most—the *naïveté* of the man himself, or that of the public which has, in fact, accepted him as a second Adam Smith, although he resembles Smith about as much as General Williams of Kars resembled the Duke of Wellington. Mill's original, albeit somewhat attenuated and not very profound, researches in the domain of political economy, may be found drawn up in battle array in his little work which appeared in 1844, "Some Unsettled Questions of Political Economy." Locke treats directly of the interdependence of the valuelessness of gold and silver and the fixing of their value by their quantity. "Mankind having consented to put an imaginary value upon gold and silver . . . . . the intrinsick value, regarded in these metals is nothing but the quantity" ("Some Considerations," &c., 1691, Works, edition 1777, vol. II., p. 15).

h It would be foreign to my present purpose to treat here of rights of seigniorage and other details of that nature. In opposition, however, to the romantic sycophant Adam Müller, who admires "the free-handed liberality" with which "the English Government turns gold into money free of charge," I will quote the following judgment of Sir Dudley North:—"Silver and gold, like other commodities, have their ebbings and flowings. Upon the arrival of quantities from Spain . . . it is carried to the Tower, and coined. Not long after there will come a demand for bullion, to be exported again. If there is none, but all happens to be in coin, what then? Melt it down again; there's no loss in it, for the coining costs the owner nothing. Thus the nation has been abused, and made to pay for the twisting of straw for asses to eat. If the merchant (North was himself one of the great traders in the time of Charles II.) had to pay the price of the coinage, he would not have sent his silver to the Tower without consideration; and coined money would always keep a value above uncoined silver" (North, *l.c.*, p. 18).

i "If silver never exceeds what is wanted for the smaller payments, it cannot be collected in sufficient quantities for the larger payments. . . . The use of gold in the main payments necessarily implies its use also in the retail trade; those who have gold coin, offering them for small purchases, and receiving with the commodity purchased a balance of silver in return; by which means the surplus of silver that would otherwise encumber the retail dealer, is drawn off and dispersed into general circulation. But if there is as much silver as will transact the small payments independent of gold, the retail dealer must then receive silver for small purchases, and it must of necessity accumulate in his hands" (David Buchanan: "Inquiry into the Taxation and Commercial Policy of Great Britain," Edinburgh, 1844, pp. 248, 249).

gold coins. Their function as coins thus, as a matter of fact, becomes entirely independent of their weight—in other words, independent of all value. The function of gold as a coin becomes entirely differentiated from its real value-essence. Relatively valueless things, such as paper, may thus be substituted for gold so far as concerns its function as coin. The purely symbolical character in the gold coin is dissimulated, or covered, up to a certain point. In paper-money it appears unmistakably. We thus see *ce n'est que le premièr pas qui coûte*.

The question here is only with State paper-money, which has an enforced circulation. Credit-money, on the contrary, supposes relations which, from the standpoint of simple commodity-circulation, are unknown to us. We may however remark *en passant*, that if paper-money, properly so-called, serves the functions of money as the means of circulation, credit-money has its natural origin in the function of money as a means of payment (*k*).

The State puts into circulation paper-money, upon which is inscribed its numerical denomination, as £1, £5, etc. As the paper-money really circulates in the place of weights of gold of the same denomination, their movement only reflects the course of real money. A specific law of the circulation of paper-money can only arise from the relationship which the paper bears to the money as the representative of the latter. That law is very simple, consisting only in this, that the quantity of paper issued must be limited to the quantity of gold (or silver) which it is intended to represent and of which it is the symbol, and which quantity ought to be in circulation. The quantity of gold in circulation, however,

k The mandarin of finance, Wan-mao-in, one day took a fancy to present to the Son of Heaven a project, the concealed purport of which was to transform all the Assignats of the Celestial Empire into convertible bank-notes. The Committee of Assignats for April, 1854 commanded him to wash his head. Whether he also received the traditional number of cuts with a bamboo cane does not appear. "The Committee," the Report concludes, "have examined this project with attention, and they find that it has solely in view the interests of the merchants, and offers no advantage to the crown." "*Arbeiten der kaiserlich Russischen Gesandschaft zu Peking über China. Aus dem Russischen von Dr. K. Abel und F. A. Mecklenburg.* Erster Band," Berlin 1858, p. 47, *et seq.*). On the metallic loss sustained by money in circulation, a governor of the Bank of England gave evidence before the House of Lords Committee on the Banking Acts, to the effect that "Every year a fresh quantity of sovereigns is found too light. This quantity, which one year possesses the correct legal weight, will the next year be found to have been lightened by attrition, so that the scale turns against it" (House of Lords Committee, 1848, No. 429).

oscillates constantly between a point above and a point below the average level, but it never falls below the *minimum* which each country finds out by experience. That this *minimum* quantity unceasingly renews its integral parts (in other words, that there is always a coming and going of particular species which come into it and go out from it) naturally works no change either in the proportions of those parts or in their continuous revolution in the sphere of circulation. Nothing, therefore, prevents them from being represented by paper symbols. If, on the contrary, all the channels of circulation are to-day filled by paper-money to the limit of their capacity to absorb the precious metals, the least variation in commodity-prices may to-morrow make them overflow. All proportion is then lost. If the paper-money oversteps its limit, *i.e.*, the quantity of gold coin of a similar demomination which is in circulation, general discredit will result, seeing that, both after and before, it can by an immanent law only represent that quantity of gold whose place it takes, and which alone is representable. If, for instance, the total quantity of paper money is twice as great as it should be, a £1 note, which represents a quarter of an ounce of gold, will represent but one eighth of an ounce. The result is the same as though the function of gold as the standard of price had been altered.

Paper-money is a gold-symbol, or money-symbol. The relation which exists between it and commodities lies simply in this, that the same quantities of gold as are ideally expressed in the commodity-prices are symbolically represented by the paper-money, which is thus only a sign of value in as far as it represents quantities of gold which (like all other quantities of commodites) are also quantities of value (*l*).

It may, perhaps, be asked how it is that money can be represented by mere value-symbols, which are things of no value?

l The following passage from Fullarton shows how cloudy even the best writers get, in dealing with the nature and varied functions of money:—"That, as far as concerns our domestic exchanges, all the monetary functions, which are usually performed by gold and silver coins, may be performed as effectually by a circulation of inconvertible notes, having no value but that factitious and conventional value they derive from the law, is a fact which admits, I conceive, of no denial. Value of this description may be made to answer all the purposes of intrinsic value, and supersede even the necessity for a standard, provided only the quantity of issues be kept under due limitation" (Fullarton, "Regulation of Currencies," 2nd edition, London, 1845, p. 21). Thus, because money, as a commodity, may be replaced by simple value-symbols, its rôle, as a measure of value and a standard of price, is declared to be superfluous.

But it is only thus to be represented or replaced in so far as it operates exclusively as coin, or a means of circulation. It is true that the exclusive character of this function does not become realized in the single gold or silver coin taken apart, although it does manifest itself in the fact that worn-out specimens nevertheless continue to circulate. Each piece of gold is a mere coin, or means of circulation, only so long as it continues to circulate. This, however, is not the case with the minimum quantity of gold which can be replaced by paper tokens. That minimum quantity appertains constantly to the sphere of circulation, operates incessantly as the circulating medium, and exists exclusively as the bearer of that function. Its movements thus represent nothing else than the continuous alternation of the opposite poles of the metamorphosis Commodity—Money—Commodity, in which the commodity presents itself as a value only to disappear again immediately, and the substitution of one commodity for another causes the money to change hands without ceasing. The functional existence of the money swallows up, so to speak, its material existence. A fugitive reflection of the commodity-prices, it only operates as a sign or symbol of its real self, and may consequently be replaced by other signs or symbols (*m*). It is, at the same time, necessary that the money-symbol, like the money itself, should be socially valid, and it becomes so by enforced circulation. This coercive action of the State can fully operate only within the sphere of the national circulation; and there only can money discharge its function as coin, or the means of circulation, and so go outside its metallic substance and assume its functional existence in the shape of paper-money.

III.—*Money.*

That commodity which serves as the standard of value, and therefore (either itself or through a representative) as the means of circulation, is *money*. Thus gold, or silver, is money. It functions as money, on the one hand, where it is obliged to appear in its metallic corporeality, and where its purpose is neither ideal, as when it is a standard of value, nor effected by a possible substitute, as in the means of circulation; and on the other hand where, either in its own proper person or through a representative, it presents itself to all other commodities or use-values, as the unique and adequate incarnation of their value.

m From the fact that gold and silver coins, in their exclusive function as means of circulation, may thus come to be mere symbols of themselves, Nicholas Barbon deduces the right of Governments "to raise money," that is to say, to give to a certain quantity of silver, say a shilling, the name of a larger quantity, say half-a-crown, and thus to pay their creditors with a shilling, instead of half-a-crown. "Money does wear and grow lighter by often telling over . . . . . It is the denomination and currency of the money that men regard in bargaining, and not the quantity of silver . . . . 'Tis the publick authority upon the metal that makes it money" (N. Barbon, *l.c.*, pp. 29, 30, 45).

A) The growth of Treasure.

The circulatory movement of the two inverse metamorphoses of commodities, or the continuous alternation of sale and purchase, shows itself in the endless circulation of money, or in its function as the perpetual motive-power of circulation. It becomes immobilised, or transformed (as Boisguillebert says) from a movable into an immovable, as soon as the series of metamorphoses is interrupted—as soon, that is, as a sale is not followed by its complementary purchase.

With the development of commodity-circulation is also developed the necessity and the desire to fix and hold fast the product of the first metamorphosis, *i.e.*, the commodity converted into the chrysalis of gold or silver (*n*). Thence commodities are sold not only to exchange them for others, but also to replace the commodity-form by the money-form. The money becomes petrified in its course, and becomes treasure; the vendor is coverted into a treasure-builder.

It is in the infancy of commodity-circulation that the superfluity only of Use-values is converted into money. Gold and silver thus become of themselves the social mode of expressing superfluity, or riches. This *naïve* form of treasuring becomes permanent amongst peoples with whom the traditional mode of production directly satisfies a limited round of fixed necessities. There is little circulation and much treasure. This is the case with the peoples of Asia, notably in India. Vanderlint, who imagined that commodity-prices depended upon the abundance of precious metals in a country, asks why Indian commodities are so cheap? The

n "Riches in money are only riches in products coaverted into money" (Mercier de la Rivière *l.c.*, p. 557). "A value in products only changes its form" (*ibid*, p. 486).

answer is because the Indians bury their money. He remarks that from 1602 to 1734 they thus hid away £150,000,000 sterling in money, which had been sent from America to Europe (*o*). In the ten years from 1856-1866 England exported to India and China (that sent to China found its way for the most part to India) £120,000,000 sterling in silver, which had previously been exchanged for Australian gold.

When commodity-production becomes further developed, the producer must provide the *nexus rerum*, the "social pledge," money (*p*). The needs of the producer are perpetually renewed and require the constant purchase of fresh commodities, while the production and sale of his own take time, and depend upon many chances. In order to buy without selling, he must needs have first sold without buying. These operations, carried out upon the usual scale, appear to be contradictory. The precious metals, however, are at their source bartered with other commodities. Here is sale (on the part of the commodity possessor) without purchase (on the part of the owner of the gold or silver) (*q*). And subsequent sales without purchases only serve to distribute the precious metals amongst all the commodity-possessors. Thus reserves of gold and silver are formed at all points and in very varied proportions. The possibility of retaining commodities as exchange-values, or exchange-values as commodities, arouses the thirst for gold. With the extension of commodity-circulation the power of money increases, an absolute and ever-ready social form of wealth. "Gold," said Columbus in a letter from Jamaica in 1503, "is a wonderful thing! He who possesses it is master of all he desires. With gold one can even take souls to Paradise!" As money does not betray anything which is transformed into it, so all things, whether commodities or not, can be transformed into money. Everything can be bought and sold. The circulation is the grand social crucible into which everything is thrown that gold may come out. Nothing can resist this alchemy—not even the bones of the saints, much less things not so gross, *res sacrosanctæ extra*

o "'Tis by this practice they keep all their goods and manufactures at such low rates" (Vanderlint, *l.c*, pp. 95, 96).

p "Money is a pledge" (John Bellers: "Essays about the Poor, Manufactures, Trade, Plantations, and Immorality," London, 1699, p. 13).

q *Sale*, in its categorical sense, supposes that the gold or silver in the hands of the exchanger proceeds, not directly from his labour, but from the sale of his commodities.

commercium hominum(*r*). Just as all differences of quality in commodities are effaced by money, so money, a radical leveller, effaces *all* distinctions(*s*). But gold is itself a commodity, a thing which may come into anybody's hands. The great social power thus becomes private power in the hands of private persons. Ancient society therefore denounced it as the great subversive agent, as the most active solvent of their economic and moral ordinances (*t*). Modern society, which in its very infancy "dragged the god Plutus by the hair from the bowels of the earth," (*u*) hails gold as its Holy Grail, the dazzling incarnation of the very principle of its life.

The commodity, as a Use-value, satisfies some particular need, and forms a particular element of material wealth. But the *value* of the commodity is the measure of its power to attract all the elements of that wealth, and thus guages the

r Henry III., the most Christian king of France, despoiled monasteries and religious houses of their relics in order to convert them into money. We all know the part played in Greek history by the pillage of the treasures of the Delphic temples by the Phocians. Among the ancients the temples served as the abodes of the gods of commodities. They were the "sacred banks." As for the Phœnicians, *par excellence* a trading people, money was with them the transfigured shape of all things. Thus it was a law that the young females, who in the festivals of Astarte were sold to strangers for money, should offer to the goddess the money received as an emblem of their virginity immolated upon her altar.

s "Gold! yellow, glittering precious gold!
Thus much of this will make black white; foul, fair;
Wrong, right; base, noble; old, young; coward, valiant
. . . . What this, you gods! Why this
Will lug your priests and servants from your sides;
Pluck stout men's pillows from below their heads.
This yellow slave
Will knit and break religions; bless the accurs'd;
Make the hoar leprosy adored; place thieves
And give them title, knee and approbation
With senators of the bench: this it is
That makes the wappen'd widow wed again
. . . . Come damned earth,
Thou common whore of mankind!"
SHAKESPEARE: "*Timon of Athens*."

t Sophocles, in the "Antigone," remarks: "Nothing has done so much as money to sustain bad laws and bad morals; it is that which arouses dissension in cities and hunts the inhabitants from their dwelling; it is that which turns the most beautiful souls towards all that is shameful and fatal to man, and teaches them to extract evil and impiety from everything."

u "'Ελπιζούσησ τῆς πλουτοξίας ἀναξειν ἐκ τῶν μυχῶν τῆς γῆς αὐτὸν Πλούτωνα." [The quotation in the text is a translation of this passage. —J.B.]

social wealth of him who possesses it. Exchangers who are more or less in a state of barbarism, even the peasants of eastern Europe, do not know how to separate the value from its form. For them, an increase in the reserve stock of gold and silver means an increase of value. Certainly the value of the precious metals changes because of variations either in their own proper value or in that of commodities; but that does not prevent, on the one hand, 200 ozs. of gold containing (either after or before the change) more value than 100 ozs., 300 ozs. more than 200 ozs., and so on; nor, on the other hand, does it prevent the metallic form of money remaining the general equivalent form of all commodities and the social incarnation of all human labour. The desire of the treasure-gatherer has, from its very nature, neither rule nor standard. Considered from the point of view of quality or form, and as the universal representative of material wealth, money is unrestricted, because it can be directly transformed into all sorts of commodities. But each actual sum of money has its own quantitative limit, and has, therefore, only a limited purchasing power. This contradiction between the quantity, always clearly defined, and the quality of infinite power in money, perpetually condemns the treasure-gatherer to the labour of Sisyphus. At every conquest he makes he finds the frontier of a new land to be conquered.

To retain and conserve a precious metal in the quality of money, and consequently in a condition to be treasured, it is necessary to prevent it from circulating, or to reduce it from a means of purchase to a means of enjoyment. The treasure-gatherer thus sacrifices to his fetish all the desires of the flesh. None takes more *au sérieux* the gospel of renunciation than he. On the one hand, he can only take out of the circulation in money what he puts into it in commodities. The more he produces, the more he is able to sell. Industry, economy, and avarice are his cardinal virtues; to sell much and buy little is the extent of his political economy(*x*).

The treasure has not merely a rough and ready shape; it possesses also an æsthetic form—the possession of gold and silver wares. This increases with the increase of social riches, "Soyons riches ou paraissons riches" (Diderot). It thus forms in part an ever-widening market for gold and silver

x "Accrescere quanto piu si puo il numero de' venditori d'ogni merce, diminuire quanto piu si puo il numero dei compratori, questo sono i cardini sui quali si raggirano tutte le operazione di economia politica" (Verri *l.c.*, p. 52). [To increase as much as possible the number of sellers of all commodities, to diminish as much as possible the number of buyers—such is the sum total of the operations of political economy.—J.B.]

independent of their functions as money, and in other part a latent supply of gold on which to rely in times of social crisis.

In the economy of metallic circulation, these treasures fulfil diverse functions. The first draws its origin from the conditions which control the course of money. We have seen how the circulating mass of coins is increased or diminished with the constant ebbing and flowing caused by the limits of commodity circulation as to extent, price, and rapidity. That mass must be capable of contraction and expansion. Portions will sometimes go out of circulation, and at other times re-enter it. In order that the circulating mass of money may always come up to that point at which the sphere of circulation is saturated, the actual quantity of gold and silver in circulation should form but a part of the total quantity of money in a country. It is by the storage of money that this condition is fulfilled—or what we have called treasure-gathering (*y*).

B) Medium of Payment.

In the direct form of commodity-circulation just examined the same value always presents itself in a double capacity—at one pole as a commodity, at the other as money. The commodity-possessors enter into relations with each other as representatives of already interchangeable equivalents. As circulation develops, however, so also to the same extent are developed circumstances which tend to separate, by an interval of time, the alienation of a commodity from the realisation of its price. The simplest examples will suffice to illustrate this. One species of commodity requires a longer time, and another

(*y*) "There is required for carrying on the trade of the nation, a determinate sum of specifick Money, which varies, and is sometimes more, sometimes less, as the circumstances we are in require. . . This ebbing and flowing of money supplies and accommodates itself, without any aid of Politicians. . . . The buckets work alternately; when money is scarce, bullion is coined; when bullion is scarce, money is melted" (Sir D. North, *l.c.*, p. 22). John Stuart Mill, who was for a long period an officer of the East India Company, confirms the fact that ornaments and jewels of silver are still used in India as reserve stores. "Silver ornaments are brought out and coined when there is a high rate of interest, and go back again when the rate of interest falls" (J. Stuart Mill's Evidence, Reports on Bank Acts, 1857, No. 2084). According to a Parliamentary document of 1864 upon the importation and exportation of silver in India, in 1863, the importation exceeded the exportation by £19,367,764. In the eight years preceding 1864, the excess of importation over exportation of the precious metals amounted to £109,652,917. During the present century more than £200,000,000 have been coined in India.

a shorter, for its production. The time for producing some commodities is confined to a particular season of the year. If one commodity is, as it were, born in the very market-place, another has to travel some distance to reach it. One producer may thus come to market as a vendor, before the other reaches it as a purchaser. When the same transactions continually occur between the same persons, the conditions of sale and purchase of commodities gradually accommodate themselves to the conditions of production. On the other hand, the use of certain kinds of commodities—a house for example—is parted with for a time, and it is only at the expiration of that time that the purchaser really obtains the Use-value for which he bargained. He thus buys before he pays. The one sells an existing commodity, the other buys as the representative of money yet to come. The vendor becomes a creditor, and the purchaser a debtor. As the metamorphosis of the commodity, or the development of its Value-form, is, in this instance, altered, so the money assumes a new function. It becomes a medium of payment.

The characters of creditor and debtor arise here out of simple circulation. The change of form of the latter impresses a new character on both vendor and purchaser. At first both rôles are interchangeable and transient, and are played in turn by the same actors; but they are now less complaisant, and their separation becomes more capable of solidification (*x*). These two characters may thus present themselves independently of commodity-circulation. In the ancient world the strife of classes took the shape of an ever-renewed combat between creditors and debtors, and in Rome it ended in the defeat and ruin of the plebeian debtors, who were replaced by slaves. In the Middle Ages the struggle resulted in the ruin of the feudal debtors, who, in losing their economic status, were deprived of their political power.

However, the money-relationship (for the relations of creditor and debtor take the form of a money-relationship) at the two epochs just referred to only reflects on the surface the antagonism of more profound conditions of economic life.

Let us come back to the circulation of commodities. The simultaneous appearance of the two equivalents, commodity and money, at the two poles of the sale-process ceases. Now

x Note the relations of creditors and debtors in England at the beginning of the 18th century:—"Such a spirit of cruelty reigns here in England among the men of trade, that is not to be met with in any other society of men, nor in any other kingdom of the world" ("An Essay on Credit and the Bankrupt Act," London, 1707, p. 2).

the money acts in the first place as a standard of value in fixing the price of the commodity sold. The price, established by contract, measures the obligation of the purchaser, that is, the sum for which he is liable at a fixed time. It acts in the next place as a means of ideal purchase. Although it only exists in the shape of a promise by the purchaser, it nevertheless has the effect of causing commodities to change hands. It is only at the end of the term that it enters, as a medium of payment, into the circulation, or in other words, passes from the hands of the purchaser to those of the vendor. The means of circulation were transformed into stored money because the circulatory movement was arrested when only half completed. The means of payment enter into the circulation, but only after the commodity has gone out of it. The money no longer acts as an intermediary in the process. The vendor transforms the commodity into money to satisfy his needs; the treasure-builder, in order to preserve it in the form of a general equivalent; and the indebted purchaser, that he may be able to pay. If he does not pay, a forced sale of his property will take place. The conversion of a commodity into money thus becomes a social necessity which is imposed upon the producer quite independently of his needs or his personal fancies.

The purchaser turns money into commodities before he has turned commodities into money, that is to say, he carries out the second commodity-metamorphosis before the first. The vendor's commodity circulates, and realises its price, but only in the shape of a just claim to the money. The commodity is thus changed into a Use-value before it is turned into money; the completion of its first metamorphosis follows as a supplement (*aa*).

The expired obligations in any given period of time represent the sum total of the prices of the commodities sold. The quantity of money wanted to realise that sum

aa The following quotation from my "Kritik," etc., 1859, shows why I have not, in the text, spoken of the opposed form:—"Inversely, in the transaction M—C (money—commodity), the money as an essential means of purchase may be set aside, and the price of the commodity thus be realised before the Use-value of the money becomes realised or the commodity alienated. This takes place every day in the form of 'prenumeration,' and it is thus that the English Government buys opium of the ryots in India. In that case, however, the money operates only in the already-mentioned form of means of purchase, and acquires no new form. . . . . Capital is thus naturally advanced in the form of money, but this does not yet appear upon the horizon of simple circulation."

depends in the first place upon the rapidity of movement of the means of payment. This is regulated by two conditions:—(1) The interlacing of the relations between creditor and debtor, as when, for example, A, who receives the money from his debtor B, passes it on to his creditor C, and so on: (2) the space of time which separates the different periods when payment is made. The series of consecutive payments, or first supplemental metamorphoses, is altogether distinct from the interlacing of the series of metamorphoses which we have previously analysed.

The connection between sellers and buyers is not the only thing which expresses itself in the movement of the means of circulation. That connection arises from the circulation of money. The movement of the means of payment, on the contrary, expresses a number of pre-existent social relationships.

The simultaneity and contiguity of sales (or purchases), which are the cause of the quantity of the means of circulation being no longer compensated by rapidity of movement, form a new lever in the economy of the means of payment. The concentration of payments in one place brings about the spontaneous development of institutions and methods to balance one against the other. Such, for example, were the "virements" at Lyons in the middle ages(*bb*). The bills of A upon B, B upon C, and C upon A, were to a certain extent reciprocally annulled when brought together and compared as positive or negative quantities. One balancing only was thus required. The greater the concentration of payments, the less relatively will be the balance and consequently of the means of circulation.

The function of money as a means of circulation implies a direct contradiction. So far as payments balance each other they only operate ideally as measures of value. As soon, however, as payments come to be effected in reality, they no longer present themselves as a simple means of circulation, or a mere transitory form serving as an intermediary for the displacement of products, but they step in as the individual incarnation of social labour, an independent existence as an Exchange-value, an absolute commodity. This contradiction breaks forth at that time of industrial or commercial crisis which

bb "Virement" is the transfer of a debt, or payment by means of bills. The word is from *virer*, to turn about: hence our English words "veer," and "veering." Marx uses the French word "virement;" the nearest approach to veering in German is *drehen*, or *umwenden*.—J.B.

we call a "monetary crisis" (*cc*). This is only produced where the interlacing of payments, and an artificial system intended to reciprocally compensate them have developed themselves. The mechanism, from whatever cause, becomes deranged as soon as money, by a sudden and immediate "shifting of the wind," no longer operates in the purely ideal form of money in account. From money "in account" it changes suddenly to real money—hard cash. The utility of the commodity counts as nothing, and its value vanishes in the presence of its own Value-form. "The only commodity is money!" is now the cry in the world's market. As the hart pants after the waterbrooks, so pants the soul after money, the only riches (*dd*). The opposition existing between the commodity and its Value-form is, during this crisis, pushed to its furthest limits, till it becomes an absolute contradiction. The particular species of money is here of no consequence whatever. The scarcity of money remains the same, whether it is scarcity of gold or of credit-money in the shape of bank-notes(*ee*).

If we now examine the sum total of money which circulates in a fixed time, we shall find that, given the rapidity of the

cc It is necessary to clearly distinguish the crisis here referred to from the particular crisis to which the same name is applied, but which is nevertheless an independent phenomenon which affects industry and commerce by reflex influence. These latter crises have their centre in capital money, and their immediate sphere is capital—the bank, the bourse, and the regions of finance.

dd "The sudden veering of the credit-system to the money-system adds a theoretical terror to a practical panic, and the agents of circulation tremble before the impenetrable secret of their own relationship with each other" (Marx, *l.c.*, p. 126).—"The poor stand still, because the rich have no money to employ them, though they have the same land and hands to provide victuals and cloaths, as ever they had; which is the true riches of a nation, and not the money."—(John Bellers, "Proposals for raising a College of Industry," London, 1696, p. 3).

ee "On one occasion (1839) an old grasping city banker in his private room raised the lid of the desk he sat over and displayed to a friend rolls of bank notes, saying with intense glee there were £600,000 of them, they were held to make money tight, and would all be let out after three o'clock on the same day."—("The Theory of the Exchanges; The Bank Charter Act of 1844," London, 1864, p. 81). On the 24th of April, 1864, the semi-official *Observer* remarked:—"Some very curious rumours are current of the means which have been resorted to in order to create a scarcity of bank notes. . . Questionable as it would seem to suppose that any trick of the kind would be adopted, the report has been so universal that it really deserves mention."

course of the means of circulation and the means of payment, that sum total is equal to the total commodity-prices to be realised, plus the sum of the payments which have fallen in, less the sum of the payments which balance each other, and less the employment twice over (or more frequently) of the same coins as means of circulation and means of payment. For instance, the farmer has sold his wheat for £2, which operates as a means of circulation. When he receives his money he passes it on to the weaver; now it operates as means of payment. The weaver buys a Bible, and the money again operates as a means of circulation, and so on. The rapidity of the course of money, the economy of payments, and the prices of commodities being given, it is seen that the mass of commodities in circulation no longer corresponds with the mass of money circulating in a fixed period—say a day. There is money which represents commodities long gone out of circulation; there are commodities the money-equivalent of which will only appear later on. On the other hand, the debts contracted, and the debts falling in each day, are altogether incommensurable (*ff*).

Credit-money has its immediate origin in the function of money as a means of payment; bills representing debts contracted for goods sold circulate in their turn, and transfer the claims to other people. In proportion as the credit-system is extended, the function of money as a means of payment becomes more and more extended. As such it takes particular forms of existence, in which it haunts the exalted regions of great commercial transactions, while gold and silver specie are chiefly relegated to the realm of retail commerce (*gg*).

ff "The amount of sales or contracts entered upon during the course of any given day, will not affect the quantity of money afloat on that particular day, but in the vast majority of cases, will resolve themselves into multifarious drafts upon the quantity of money which may be afloat at subsequent dates, more or less distant. . . . The bills granted or credits opened to-day need have no resemblance whatever, either in quantity, amount, or duration, to those granted or entered upon to-morrow or next day; nay, many of to-day's bills and credits, when due, fall in with a mass of liabilities whose origins traverse a range of antecedent dates altogether indefinite, bills at twelve, six, three months, or one month, often aggregating together to swell the common liabilities of one particular day." ("The Currency Question reviewed: A letter to the Scotch people," By a Banker in England; Edinburgh, 1845, pp. 29, 30, *passim*).

gg As an example, showing to what a small extent real money enters into commercial operations properly so called, we give here the list of annual receipts and payments of one of the largest commercial houses in London. These transactions, comprising several millions sterling, and which took place in 1856, are here referred to the scale of one million:—

Receipts.		Payments.	
Bills from Bankers and merchants, payable at given dates	£533,596	Bills payable at given dates	£302,674
Bankers' Cheques, etc., payable at sight	357,715	Cheques on London Bankers	663,672
Country bank-notes	9,627	Bank of England notes	22,743
Bank of England notes	68,554	Gold	9,427
Gold	28,089	Silver and Copper	1,484
Silver and Copper	1,486		
Post Office Orders	933		
Total	£1,000,000	Total	£1,000,000

(Report of the Select Committee on the Bank Acts, July 1858, p. LXXI).

The more commodity-production is developed and extended, the less is the function of money as a means of payment restricted to the sphere of the circulation of products. Money becomes the general commodity of contracts (*hh*). Rents, taxes, etc., hitherto paid in natural productions, become payable in money. One fact which amongst others demonstrates how that change depends upon general conditions of production, is that the Roman empire was twice frustrated in its attempts to levy all the taxes in money. The fearful misery of the agricultural population in France under Louis XIV., denounced with such eloquence by Boisguillebert, Marshal Vauban, and others, did not proceed solely from the increase of taxation, but also from the fact that the taxes were collected in money-form instead of in their natural form (*ii*). In Asia, ground rent constitutes the chief impost, and it is paid mostly in natural products. This form of rent, based upon the relationships of stationary production, maintains, by a counter-effect, the ancient mode of production. It is one of the great secrets of the persistence of the Turkish empire. The free-trade permitted by Europe to Japan encourages in that country the conversion of natural-rent into money-rent, and has made the model agricul-

hh "The course of Trade being thus turned, from exchanging of goods for goods, or delivering and taking, to selling and paying, all the bargains . . . . are now stated upon the foot of a price in money" ("An Essay upon Public Credit," 3rd edition, London, 1710, p. 8).

ii "Money has become the executioner of all things." "Finance is the alembic which has turned into vapour a vast quantity of property and commodities to make its fatal *précis*." "Money declares war against the entire human race" (Boisguillebert, "Dissertation sur la nature des richesses, de l'argent, et des tributs," ed. Daire, "Economist financiers," Paris, 1843, vol. I., pp. 413, 417, 419).

ture of the Japanese submissive to economic conditions which are too restricted to resist such a revolution.

In every country certain general periods are fixed when payments are to be made on a large scale. If some of those periods are purely conventional, they are as a rule based upon the periodic and circulatory movements of reproduction combined with the periodical changes of the seasons, etc. These general periods govern equally the time of those payments which are not the direct result of the circulation of commodities, such as rent, salary, taxes, and so on. The quantity of money required on particular days of the year, and in which the payments of a whole community are concentrated on special days, causes periodical but altogether superficial perturbations (*kk*).

It follows, from the law as to the rapidity of the course of the means of payment, that for all periodical payments, whatever their source, the sum total of means of payment required is in inverse proportion to the lengths of those periods (*ll*).

The function of money, as a means of payment, necessitates

kk "On Whit-Monday, 1825," said Mr. Craig to the Parliamentary Committee in 1826, "there was such a demand for Bank Notes in Edinburgh that at eleven o'clock in the morning we had not a single note left in our portfolio. We sought them in all the other Banks without being able to obtain any, and many matters of business had to be concluded upon pieces of paper. By three o'clock in the afternoon, however, the notes had all been presented again at the Banks which issued them; they had only been made to change hands." Although the real average circulation of Bank notes in Scotland is less than £3,000,000, there are certain days in the year when all the notes in the bankers' hands, amounting to nearly £7,000,000, are called into active circulation. "In circumstances of this nature, notes have only a single function to discharge, and as soon as they have discharged that function they return to the Banks which issued them" (John Fullarton, "Regulation of Currencies," 2nd ed., London, 1845, p. 86, *note*). To make the above quotation better understood, it may be mentioned that in Fullarton's time the Scotch Banks did not give cheques for deposits, but Bank notes.

ll To the question "if there were occasion to raise £40,000,000 per annum, whether the same £6,000,000 (gold) would suffice for such revolutions and circulations thereof as trade requires," Petty says, in his accustomed masterly fashion, "I answer yes; for the expense being £40,000,000, if the revolutions were in such short circles, viz., weekly, as happens amongst poor artisans and labourers, who receive and pay every Saturday, then 40/52 parts of one million of money would answer these ends; but if the circles be quarterly, according to our custom of paying rent and gathering taxes, then ten millions were requisite. Wherefore, supposing payments in general to be of a mixed circle between one week and thirteen, then add £10,000,000 to 40/52, the half of the which will be 5½, so as if we have 5½ millions we have enough" (Political Anatomy of Ireland," 1672, Wm. Petty, London 1619, pp. 13, 14).

the accumulation of the sums required for the dates when the terms expire. While the gathering of treasure as an independent form of enrichment vanishes with the progress of civil society, it increases, on the other hand, in the form of reserve funds to meet payments.

C) Universal Money (*mm*).

When money leaves the internal sphere of circulation it sheds, as it were, the local coverings which it had assumed as standard of price, coin, change, and tokens of value, and assumes again its old form of bars or ingots of the precious metals. It is in commerce between nations that the value of commodities is universally realised. It is there also that their aspect of value (their value shape) brings them *vis-à-vis* under the aspect of universal money—world-money, as James Steuart calls it—money of the great commercial republic, as Adam Smith said later still. It is in the world's market, and there alone, that money operates, in the full sense of the word, as the commodity whose natural form is at the same time the social incarnation of general human labour. Its mode of existence there becomes equal to its own ideas of itself.

In the inner or national circulation-sphere only one commodity at a time can serve as a standard of value. But in the world's market there rule two standards of value—gold and silver(*nn*).

Universal money discharges three functions, as the means of payment, the means of purchase, and the social material of general wealth. When it operates to equalise international balances it discharges the first function. Hence the watch-

mm Marx's word is "Weltgeld," but, I think, "universal money" conveys his meaning better than would the bald, though more correct, rendering, "world-money."—J.B.

nn This shows the absurdity of all legislation which prescribes that national banks shall only hold in reserve that precious metal which functions as money in their own country. The difficulties which the Bank of England, for example, has thus voluntarily created are well-known. On the great historical epochs of the relative changes of value of gold and silver see Karl Marx, *l.c.*, p. 136, *et seq.* Sir Robert Peel, in his Banking Act of 1844, sought to remedy these inconveniences by permitting the Bank of England to issue notes upon silver bullion, with the stipulation, however, that the reserve of silver should not at any one time exceed one fourth of the reserve of gold. In these circumstances the price of silver is estimated according to its value in gold on the London market.

word of the commercial world—"the balance of commerce"(*oo*). Gold and silver essentially function as means of purchase every time the ordinary equilibrium in the exchange of things between different nations becomes deranged. Finally they function as the absolute form of wealth when they serve neither as means of purchase nor of payment, but for the transfer of wealth from one country to another, and when that transfer, in the shape of commodities, is hindered either by the eventualities of the market or by the object itself which is meant to be attained (*pp*).

Every nation needs a reserve fund for its foreign commerce as well as for its internal circulation. The function of these reserves thus attaches itself in part to the function of money as a means of circulation and of payment internally, and in part to the function of universal money(*qq*). In the latter, material

oo The opponents of the mercantile system, who state the object of international commerce to be nothing more than the balancing, by gold and silver, of the excess of the commercial balance—completely misunderstand, in their turn, the functions of universal money. The false interpretation of the international movement of the precious metals is only the reflex of the false interpretation of the laws which govern the mass of international means of circulation; as I have shown by the example of Ricardo ("Zur Kritik," p. 150). His erroneous dogma—"An unfavourable balance of trade never arises but from a redundant currency. . . . . The exportation of the coin is caused by its cheapness, and is not the effect but the cause of an unfavourable balance,"—is found already in Barbon:—"The balance of trade, if there be one, is not the cause of sending away the money out of a nation; but that proceeds from the difference of the value of bullion in every country," (N. Barbon, *l.c.*, pp. 59, 60). MacCulloch, in "The Literature of Political Economy: A Classified Catalogue" (London, 1845), praises Barbon for this anticipation, but carefully avoids a single word upon the *naïve* forms in which the latter deals with the absurd "currency principle." The absence of the critical faculty, and also the disloyalty, of this "Catalogue," shine out conspicuously in the section on the History of the Theory of Money, because here the sycophantic MacCullock pays his court to Lord Overstone (ex-banker Loyd), whom he dubs *facile princeps argentariorum*."

pp For example, the money form of value may be rigidly adhered to in the case of subsidies, and of loans contracted to carry on wars or to enable a bank to meet payment of its paper-money, etc.

qq "I would desire, indeed, no more convincing evidence of the competency of the machinery of the hoards in specie-paying countries to perform every necessary office of international adjustment, without any sensible aid from the general circulation, than the facility with which France, when but just recovering from the shock of a destructive foreign invasion, completed within the space of twenty-seven months the payment of her forced contribution of nearly twenty millions to the Allied Powers, and a considerable proportion of that sum in species, without perceptible contraction or derangement of her domestic currency, or even any alarming fluctuations of her exchange" (Fullarton, *l.c.*, p. 191).

money (gold and silver) will always be needed; this is why James Steuart, in order to distinguish gold and silver from their purely local substitutes, expressly designates them "the money of the world."

The stream of gold and silver has a double movement. On the one hand it spreads itself from its source over the entire world's market, where the different national limitations are turned aside in various proportions, in order to penetrate their channels of internal circulation, replace their used-up moneys, furnish the material for articles of luxury, and, finally, become petrified in the form of treasure(*rr*). This first direction is given to the stream by those countries where commodities are directly exchanged for gold and silver at their sources of production. At the same time the precious metals run from one side to the other, without end or truce, among the circulating spheres of different countries, and their movements follow the ceaseless oscilations of the course of exchange(*ss*.)

Countries in which production has reached a high degree of development limit the hoards concentrated in their Banks to the minimum required by their specific functions(*tt*). With certain exceptions the rising of these reservoirs above their average level is the sign either of a stagnation in commodity-circulation, or of an interruption in the course of their metamorphoses(*uu*).

rr "Money divides itself amongst nations according to their needs, being always attracted by productions" (Le Trosne, *l.c.*, p. 916). "The mines which are continually giving gold and silver do give sufficient to supply such a needful balance to every nation" (J. Vanderlint, *l.c.*, p. 40).

ss "Exchanges rise and fall every week, and at some particular times in the year run high against a nation, and at other times run as high on the contrary" (N. Barbon, *l.c.*, p. 39).

tt "These different functions may come into dangerous conflict when the function of a fund for conversion into Bank notes come into operation.

uu "What money is more than of necessity for a Home trade, is dead stock, and brings no profit to that country it is kept in, but as it is transported in Trade, as well as imported" (John Bellers, *l.c.*, p. 12). "What if we have too much coin? We may melt down the heaviest and turn it into the splendour of plate, vessels or utensils of gold and silver; or send it out as a commodity, where the same is wanted or desired; or let it out at interest, where interest is high" (Wm. Petty, "Quantulumcunque," p. 39). "Money is but the fat of the Body Politick, whereot too much does often hinder its agility, as too little makes it sick . . . as fat lubricates the motion of the muscles, feeds in want of victuals, fills up uneven cavities, and beautifies the body; so doth money in the State quicken its actions, feeds from abroad in time of dearth at home; evens accounts . . . and beautifies the whole; although *more especially*," (Petty adds ironically) "*the particular persons that have it in plenty*.

END OF SECTION I.

SECTION II.

THE TRANSFORMATION OF MONEY INTO CAPITAL.

CHAPTER IV.

The General Formula of Capital.

Commodity-circulation is the point of departure of capital which only appears when commodity-production and commerce have already attained a certain degree of development. The modern history of capital dates from the opening of the markets of the world to commerce in the 16th century.

If we separate from commodity-circulation its material aspects and the exchange of use-values, in order to consider apart the economic forms which it engenders, we shall find that its final product is money. The last result of commodity-production is the first phenomenal-form of capital.

When we regard capital historically, as to its origin, we find it everywhere opposing itself to landed property in the form of money, either as pecuniary wealth, commercial capital, or usurious capital (*a*). But there is no need to look into the past in order to see the phenomenal-forms of money; we have only to observe what is going on to-day under our own eyes. Each new capital comes in the first instance on the scene—that is to say to the market—the produce market, the labour market, the money market—in the shape of money, which under given conditions has to transform itself into capital.

Money as money, and money as capital, are at first distinguished only by their different modes of circulation.

The direct form of the circulation of commodities is

a The contrast between the power of landed property, based upon the personal relations of dominion and dependence, and the impersonal power of money, is well expressed in the two French proverbs:—"No land without lord," and "Money has no master."

C—M—C (commodity—money—commodity), the transformation of commodities into money, and the re-transformation of money into commodities—selling in order to buy. But by the side of this form, we find another, entirely distinct—the form

M. — C. — M.

Money, Commodity, Money,

the transformation of money into commodities, and the re-transformation of commodities into money—buying in order to sell. Money which goes through this latter form converts itself into capital, becomes capital, and is already capital by destination.

Let us consider more closely this form M—C—M. Like simple commodity-circulation, it passes through two opposite phases. In the first phase, M—C, *purchase*, the money is transformed into a commodity. In the second phase, C—M, *sale*, the commodity is transformed into money. The sum of these two phases expresses itself by the movement which exchanges money for commodities, and then exchanges the same commodities for money; buying in order to sell; or, if we leave out of consideration the formal difference between purchase and sale, *buying commodities with money, and buying money with commodities* (*b*). The result is the exchange of money for money: M—M. If I buy 2,000lbs. of cotton for £100, and then sell the 2,000lbs. of cotton for £110, I have definitely exchanged £100 for £110, money for money.

It is palpable that the movement M—C—M is a senseless proceeding if by its means we only want to exchange two equal sums of money—£100 for £100. The method of the treasure-hoarder, who carefully guards his £100 from the risks of circulation, is infinitely simpler and safer. But on the other hand if the merchant sells for £110 what he has bought for £100, or even for £50 and bears the loss, in each case his money has effected a special and original movement, quite different, *e.g.*, from that made by the money of the farmer who sells his wheat and buys a coat. It is therefore necessary that we should clearly trace out the difference between these two forms of circulation: M—C—M, and C—M—C. We shall at the same time see what a real difference underlies the merely formal one.

We will first consider what the two forms have in common. They both break up into the same two opposite phases,

C—M, or sale,

M—C, or purchase.

b "With money commodities are bought, and with commodities money is bought" (Mercier de la Rivière: "L'Ordre naturel et essentiel des sociétés politiques," p. 543).

In each of these two phases, the same material elements are brought face to face, commodities and money, like two people under the same economic mask, buyer and seller. Each movement is united to the same contrasted phases of purchase and sale, and each time it is accomplished by the intervention of three contracting parties, of whom one only sells, a second only buys, whilst the third buys and sells in turn.

The differences between these movements, C—M—C, M—C—M, are in the first place the inverse order of their contrasted phases. Simple circulation begins with a sale and ends with a purchase; the circulation of money as capital begins with a purchase and ends with a sale. In the former case it is the commodity which forms the point of departure and the point of return; in the latter it is the money. In the former, the money is the go-between; in the latter, the commodity.

In the circulation C—M—C, the money is finally converted into a commodity which has a Use-value; it is thus definitely spent. In the inverse form, M—C—M, the buyer gives his money that he may become a seller. In buying the commodity he puts money into circulation, but takes it out again by the sale of the same commodity. If he parts with his money, it is with the crafty intention of getting it back again. His money is thus simply—*advanced* (*c*).

In the form C—M—C, the same piece of money changes place twice. The seller receives it from the buyer, and passes it on to another seller. The movement begins by the receipt of money for a commodity, and ends by the handing over of money for a commodity. The contrary is the case in the form M—C—M. Here it is not the same piece of money, but the same commodity, which twice changes place. The buyer receives it from the hand of the seller and transmits it to another buyer. Just as in the simple circulation the double change of place by the same piece of money results in its definite passage from one hand to another, so here the double change of place by the same commodity results in the return of the money to the point whence it departed.

The return of the money to the point of its departure does not depend on the fact of the commodity having been sold dearer than it was bought. This circumstance only affects the quantity of money which returns. The phenomenon of the

c "When a thing is bought, in order to be sold again, the sum employed is called money advanced; when it is bought not to be sold, it may be said to be expended" (James Steuart, "Works," etc., edited by General Sir James Steuart, his son; London, 1801, vol. I., p. 274).

return itself is accomplished as soon as the commodity bought is sold again, that is, as soon as the circle M—C—M is completely described. This is the one palpable difference between the circulation of money as capital and its circulation as simple money.

The circle C—M—C is completed as soon as the sale of one commodity brings in the money expended in the purchase of another commodity. If, nevertheless, a reflux of money to the starting-point takes place, it is only by reason of the renewal or repetition of the entire course. If I sell a quarter of wheat for £3 and buy clothes with the money, the £3 are, so far as I am concerned, definitely spent. They no longer affect me; the clothes-dealer has them in his pocket. If I now sell another quarter of wheat, the money I receive does not arise from the first transaction; but from a repetition of it; it goes further from me when I have finished the second transaction and again spent the money. In the circulatory movement C—M—C, the expenditure of the money has thus nothing in common with its return. The exact opposite is the case with the movement M—C—M. Here, if the money does not return, the operation is a failure; the movement is interrupted or unaccomplished, because its second phase, that is to say, the sale which is complementary to the purchase, is wanting.

The circle C—M—C has for its initial point a commodity, and for its final point another commodity, which does not circulate but falls into the sphere of consumption. Consumption, the supplying of a necessity—Use-value, in short, is its final purpose. The circle M—C—M, on the contrary, has for its initial point money, to which it returns as its final point; its motive, its final purpose, is therefore exchange-value.

In the simple circulatory movement the two extreme terms have the same economic form—they are both commodities. They are, further, commodities of equal value. But, at the same time, they have Use-values of different qualities, as, for example, wheat and a coat. The exchange of products, the exchange of different materials in which are represented human labour, make up the members of this movement. The circulatory movement M—C—M, on the contrary, seems, at first sight, nonsense, because it is tautological. Both extremes have the same economic form. They are both money, and thus of no qualitatively different Use-value, seeing that money is only the transformed aspect of commodities in which the particular use-values are extinguished. To give £100 for cotton, and then to sell the same cotton for £100,

in other words, to adopt a roundabout way of exchanging one sum of money for a like sum, *idem* for *idem*, is a transaction as idiotic as it is useless (*d*). A sum of money, in so far as it is a representative of value, can only be distinguished from any other sum by its quantity. The movement M—C—M does not derive its *raison d'être* from any qualitative difference in its extremes (for they are both money), but only from their quantitative difference. Finally, it takes from the circulation more money than it puts into it. The cotton which cost £100 brings in £100 plus £10, or £110. The complete form of this movement is therefore M—C—M plus β, in which the last term is equal to M plus an increment. That increment or rise in the original value I call *surplus value*. Not only does the amount advanced maintain itself in circulation, but while there it enlarges itself; gains a surplus value, wins an advantage. *This is the movement which transforms it into capital.*

It may be that the extremes, C, C, of the circulatory movement C—M—C (wheat—money—cloth, for example) may not be of equal value. The farmer may sell his wheat above its value, or buy his cloth below its value; or he may in his turn, be cheated by the cloth-dealer. But the inequality of Exchange-values is nothing but an incident of this form of circulation.

d "People do not exchange money for money!" cries Mercier de la Rivière to the Mercantilists (*l.c.*, p. 486). Here is what we find in a work treating *ex professo* of "commerce" and "speculation":—"All commerce consists in the exchange of things of different sorts; and the profit (to the merchant?) arises precisely from that difference. There would be no profit in exchanging a pound of bread for a pound of bread . . . this it is which explains the advantageous contrast between commerce and *play*, the latter being *nothing but the exchange of money for money*" (Th. Corbet, "An enquiry into the causes and modes of the Wealth of Individuals: or the Principles of Trade and Speculation explained," London, 1841). Although Corbet does not see that M—M, the exchange of money for money, is the characteristic form of circulation not only of *commercial* capital, but of *all* capital, he admits that that form of a particular sort of commerce, *i.e.*, of speculation, is a species of gambling: but after him comes MacCulloch, who finds that buying in order to sell is speculating, and thus sweeps away all distinction between speculation and commerce:—"Every transaction in which an individual buys produce in order to sell it again, is, in fact, a speculation" (MacCulloch, "A Practical Dictionary, &c., of Commerce," London, 1847, p. 1056). Still more *naïve* is Pinto, the Pindar of the Amsterdam Bourse:—"Commerce is a gambling (a proposition borrowed from Locke); and it is not from beggars that winnings can be made. If, on the whole, winnings had for a long time been made from everybody, it would be necessary to refund by mutual consent the greater part of the profits, in order to begin the game over again" (Pinto, "Traité de la Circulation et du Crédit," Amsterdam, 1771, p. 231).

Its normal character is the equality of these two extremes; otherwise all sense would disappear from the movement M—C—M.

The renewing or repetition of the sale of commodities in order to buy other commodities, is limited by a purpose external to itself—consumption, the satisfaction of fixed needs. In buying to sell, on the contrary, the beginning and the end are one and the same thing—money, Exchange-value, and in consequence the movement is without end. It is true that M has become M plus β, that we have £100 plus £10 instead of £100; but in respect to *quality* the £110 is the same thing as the £100, that is, money, while in respect to quantity the first sum is limited as well as the second. If the £100 are expended as money they at once change their rôle, and cease to be capital. If they are taken out of the circulation they become petrified in the form of treasure, and would not increase a farthing if they slept till the judgment day. But as augmentation of the Value-form is the final object of the movement, the £110 feels the same need of growing as the £100.

The value advanced is, it is true, distinct for a little while from the surplus-value added to it in the course of circulation, but that distinction soon vanishes. What finally goes out of circulation is not on the one hand the original value £100, and on the other the surplus-value £10; it is the £110, which is found in the same form and under the same conditions as the original £100, and is ready to re-commence the process of augmentation(*e*). The last term of each movement, M—C—M, buying to sell, is the first term of a new movement of the same sort. Simple circulation—selling to buy—only serves for the attainment of an object external to it, that is, the appropriation of Use-values, of things adapted to satisfy distinct needs. The circulation of money as capital, on the contrary, comprises its purposes within itself, for it is only by the same movement continually renewed that value continues to make value. The movements of capital are thus without limit(*f*).

e "Capital divides itself into two parts, the original capital and the profit, the increase of the capital. But in practice the profit is joined afresh to the capital and put into circulation together with it" (F. Engels, "Umrisse zu einer Kritik," &c., Paris, 1844, p. 99).

f Aristotle opposes the economic to the chrematistic. The first is his point of departure. So far as it is the art of acquisition it confines itself to procuring things necessary and useful, whether to the home or to the State. "True riches (ὁ ἀληθινὸς πλοῦτος) consist in use-values of this sort, for the quantity of things necessary to make life happy is not without

It is as the conscious actuator of this movement that the possessor of money becomes a capitalist. His person, or rather his pocket, is the point of departure and point of return of money. The objective result of every circulation—the increasing of value—is his subjective purpose; and it is only so far as the ever-increasing appropriation of abstract riches is the sole controlling motive of his operations that he functions as a capitalist, or becomes capital personified and endowed with will and consciousness. The Use-value must never be considered as the object of the capitalist—he desires nothing but gain(*g*), and not only gain, but gain incessantly renewed. This absolute craving for riches, this passionate chase after value(*h*), is common to the capitalist and the treasure-hoarder;

limit. But there is another art of acquiring, which we may justly call *chrematistic*, in consequence of which there would appear to be no limit to riches or to possession. Commerce in commodities (ἡ καπηλική, literally "retail commerce," and Aristotle adopts this phrase because in that sphere use-values predominate) does not appertain to the nature of the chrematistic, because exchange has in view only that which is necessary for buyers and sellers." Further on he shows that barter was the primitive form of commerce, but that its extension gave birth to money. Apart from the discovery of money exchange must necessarily develop, and become καπηλική, or "commerce in commodities," and this, in contradiction to its original tendency, is transformed into the chrematistic, or the art of money-making. The chrematistic is distinguished from the economic in the sense that "for it, circulation is the source of wealth (ποιητικη χρηματων . . . . διὰ χρημάτων διαβολῆς), and it appears to revolve about money, for money is the beginning and end of this kind of exchange (τὸ γάρ νόμισμα στοιχεῖον καὶ πέρας τῆς ἀλλαγῆς ἐστίν). This is why wealth, such as the chrematistic has in view, is illimitable. Like every art the object of which is in itself, it may be said that its tendency is infinite, because its object is ever more and more, unlike an art with an external object which is soon attained; and thus the chrematistic is infinite in its nature, for that which it seeks is absolute wealth. The economic is limited, the chrematistic is unlimited; the former aims at something which is not money, the latter purposes its own augmentation. It is because the two forms have been confounded that some have wrongly thought that the acquisition and endless augmentation of money is the final object of the economic" (Aristotle, *De Rep.*, I., c. 8 and 9 *passim*).

g "The merchant looks not at the money made, but at that which is yet to be made," (A. Genovesi, "Lezioni di Economia Civile," 1765, ed. Custodi, parte moderna, vol 8. p. 139).

h "This insatiable thirst for gain, the *auri sacra fames*, is the constant characteristic of the capitalist" (MacCulloch "The Principles of Political Economy," London, 1830, p. 163). This aphorism does not of course prevent MacCulloch and his compeers, in dealing with theoretical difficulties (*e.g.*, over production), from transforming the said capitalist into a good citizen who is only interested in use-values, and who even has the genuine hunger of a wolf for boots, hats, eggs, cotton, and a host of other common goods.

but while the treasure-hoarder is only a capitalist run mad, the capitalist is a rational hoarder of treasure. The endless increase of value which the treasure-hoarder thinks he obtains in saving his capital from the dangers of circulation(*i*), the capitalist, more prudent, gets by an ever-renewed circulation of his money (*k*).

The independent form—that is the money-form, which belongs to the commodity-value in simple circulation—serves only as a medium for the exchange of products, and disappears in the final result of the movement. In the circulation M—C—M, on the contrary, commodity and money only figure as different forms of the same value, and in such a way that one is the general and the other the particular, and, so to speak, dissimulated form(*l*). The value constantly passes from one to the other, without loss, in the movement, and becomes, as it were, automatic. If we fix it in either of the forms, which, in turn, it takes, we arrive at the following definition:—"Capital is money; capital is a commodity(*m*);" but as a matter of fact value here presents itself as a subject of a process by which, amidst the constant changes of form of money and commodities, its own bulk is changed, and the result of this process is that the value produces a new thing, *surplus-value*, and thus grows by virtue of its own inherent qualities. Because it *is* value, it has acquired the occult power of making more value, and begets living children, or, at any rate, lays golden eggs.

Seeing that value, when it becomes capital, is the subject of constant variations of aspect and bulk, it is above all things essential that it shall assume an independent form by means of which its identity with itself shall be established. That independent form it only possesses in the shape of money. It is in the shape of money that it begins, ends, and then begins again, the process of spontaneous generation.

i "Σώζειν," to save, is one of the characteristic expressions of the Greek language, and means the hoarding of treasure. Just so the English verb, "to save," means both to rescue and to be sparing.

k "Questo infinito che le cose no hanno in progresso, hanno in giro" (Galiani). [The "infinite" which things do not attain in progression they attain in circulation."—J.B.]

l "It is not the material which constitutes capital, but the value of the material" (J. B. Say, "Traité de l'Economie Politique," 3ième ed., Paris, 1816, vol. I., chap. 1, p. 428).

m "Currency (!) employed to productive purposes is capital" (Macleod, "The Theory and Practice of Banking," London, 1855, vol. I., chap. 1). "Capital is a commodity" (James Mill, "Elements of Political Economy," London, 1821, p. 74).

It was £100; it is now £110, and so on. But money is here only one of the forms of value, of which there are two. Money does not become capital until it assumes the commodity-form. Money has not here a form hostile to the commodity, as it has with the treasure-hoarder. The capitalist knows very well that all commodities, whatever their outward appearance, are in very truth money, veritable circumcised Jews, and wondrous machines for making yet more money.

If in the simple circulation a formal separation is effected between commodities and their value in the shape of money, that value here suddenly reveals itself as a thing having inherent motive power, a thing of which commodities and money alike are merely forms. But further: instead of representing commodity relationships, it now enters, as it were, into private relationship with itself. It differentiates its primitive value from its surplus value, just as God the Father is distinct from God the Son, and yet both are one person; for it is only through the £10 surplus value that the £100 originally advanced becomes capital, and as soon as this is accomplished—as soon, that is, as the son has been begotten by the father, and *vice versâ*—all difference between them vanishes and they are one—£110.

Value thus becomes progressive value, money ever progressing and growing, and, as such, capital. It goes out of the circulation, returns, maintains and multiplies itself there, and thus increased again goes out and repeats ever the same circuit(*n*). M—M plus surplus value, money which hatches money, money which begets money—such is the definition of capital in the mouths of the mercantilists, its first interpreters.

To buy in order to sell, or better still, to buy in order to sell dearer (M—C—M plus surplus value) would seem to be the peculiar formula of only one sort of capital—mercantile capital. But industrial capital is money which converts itself into a commodity, and by the sale of the latter reconverts itself into more money. What passes between purchase and sale, outside the sphere of circulation, changes nothing in this movement. Finally, in the relationships of usurious capital, the formula M—C—M plus surplus value becomes a maimed form, without a middle term, M—M plus surplus value, money which becomes more money, value which is greater than itself.

M—C—M plus surplus value is thus really the general formula of capital as it appears direct in the sphere of circulation.

n "Capital . . . permanent value which endlessly multiplies itself." (Sismondi, "Nouveaux Principles de l'Economie politique," vol. I., p. 90).

CHAPTER V.

Contradictions of the General Formula of Capital.

The form of circulation by which money is metamorphosised into capital, contradicts all the hitherto developed laws regulating commodities, value, money, and circulation itself. What distinguishes capital circulation from simple circulation, is the inverted succession of the same two contrasted forms, sale and purchase. How can this purely formal difference effect such a magical change even in the very nature of the phenomenon itself?

But this is not all. This inversion only exists for one of the three business friends who deal together. As a capitalist, I buy a commodity of A and sell it to B, while as a mere commodity-possessor I sell commodities to B and buy them of A. This difference does not exist for A and B. They act as buyers or sellers merely. In their presence, I am myself either a simple possessor of money or a simple possessor of commodities, a buyer or a seller, and, to say the truth, I stand to the one, in the two series of transactions, always as a buyer and to the other always as a seller; to the first as money and to the second as commodities; to neither of the two am I capital, or capitalist, or the representative of anything whatever better than commodities or money. From my point of view, my purchase from A and my sale to B form a series, but the links between the two acts exist only for me. B does not trouble himself about my transaction with A, nor A about my transaction with B. If I undertake to prove the service which I render them by inverting the order of the terms, they will prove to me that I am mistaken, and that the transaction, as a whole, does not begin with a purchase and end with a sale, but begins with a sale and ends with a purchase. In reality my first act, the purchase, was from A's point of view a sale; and my second act, the sale, was from B's point of view a purchase.

Not content with this, A and B finish by declaring that the transaction, as a whole, is superfluous, and amounts to nothing more than *hocus pocus*. Why should not the former sell direct to the latter, and the latter buy direct from the former? The whole becomes thus reduced to a single act of ordinary circulation—a simple sale from A's point of view, and a simple purchase from B's point of view. The inversion of the order of succession of these phases of the movement has not thus put us outside the sphere of commodity-circulation, and it becomes necessary to examine whether, by its nature, it allows the increase of value which accrues—in other words, the formation of surplus value.

We will take the circulatory process in the form presented to us by a simple exchange of commodities. This is always the case when two exchangers of produce buy from each other, and balance their reciprocal credits on settling day. Money only appears here as money in account, for the purpose of expressing the values of commodities by their price, and the commodities are the only essentials of the transactions. So far as mere Use-values are concerned, it is clear that both exchangers may be gainers. Each gets rid of things which are of no use to him, and acquires things which he wants. And these advantages of his may not be simple ones. A, who sells wine and buys wheat, possibly produces more wine in a given labour-time than wheat-grower B could produce, and B in the same labour-time more wheat than wine-grower A could produce. The first thus obtains for the same Exchange-value more wheat, and the second more wine, than if each was obliged to produce both objects of consumption for himself. With respect to Use-value, it may thus be said that "Exchange is a transaction in which both sides gain(*o*). It is otherwise with Exchange value. "A man who possesses much wine and little wheat deals with a man who has much wheat and no wine; between them they exchange wheat to the value of £50 for wine to the same value. This exchange is no increase of Exchange-value either for one or the other, seeing that each possessed, before the exchange, a value equal to that which he thereby obtains" (*p*). "That money as a means of circulation, serves as the intermediary between the commodities, and that the acts of sale and purchase may thus be

o "Exchange is an admirable transaction, in which the two parties always gain (!)" (Destutt de Tracy, "Traité de la Volonté et de ses effets," Paris, 1826, p. 28). The same work appeared later under the title of "Traité de l'Economie politique."

p Mercier de la Rivière (*l.c.*, p. 544).

separated does not affect the question"(*q*). The value of commodities is expressed before their entry into circulation, instead of being the result of that entry(*r*).

Apart from those accidental circumstances which do not proceed from the immanent laws of simple commodity circulation, nothing happens (further than the replacing of one useful commodity by another) but a simple metamorphosis or change of form of the commodity. The same value, *i.e.*, the same *quantum* of socially realised labour, remains always in the hands of the exchanger, although he holds it first in the form of his own product, then as money, and, lastly, in the shape of other people's products. The change in form involves no change in value-quantity. The change which proves the value of the commodity is a change of its money-form. It presents itself first as the price of a commodity offered for sale, then as the sum of money expressed in that price, and finally as the price of an equivalent commodity. This change of form does not affect the value-quantity any more than the changing of a £5 note into sovereigns, half-sovereigns, and shillings alters its value. Thus, as the circulation of a commodity only implies a change of its value-form it can only result in an exchange of equivalents. The vulgar economy, so little does it grasp the idea of what value is, supposes that supply and demand balance each other—in other words, that their effect upon value is *nil*. If, then, both exchangers may gain so far as Use-values are concerned, they cannot both gain in respect of Exchange-values. On the contrary, we may apply here the dictum, "Where there is equality there is no gain"(*s*). Commodities may indeed be sold at prices which deviate from their value, but that deviation is a breach of the laws of commodity-exchange(*t*). In its normal form the exchange of commodities is the exchange of equivalents, and consequently cannot be a source of profit(*u*).

q "Whether one of the two values may be money, or both may be ordinary commodities, is a matter of indifference" (*Ibid*, p. 543).

r "The contracting parties do not decide the price; that is fixed before they meet" (Le Trosne, *l.c.*, p. 966).

s "Dove è equalità, non è lucro" (Galiani, *l.c.*, vol. iv. p. 244).

t "Exchange is a disadvantage to one of the parties when a thing is raised or lowered in price; then equality is damaged, but the damage arises from the latter cause, and not from the exchange itself" (Le Trosne, *l.c.*, p. 904).

u "Exchange, in its very nature, is a contract of equality, in which one value is exchanged for an equal value. It is not, therefore, a source of wealth, since nothing is given but what is received" (*Ibid.*, p. 903).

Behind these attempts to represent commodity-circulation as the source of surplus value, there is a *quid pro quo*, a muddling up of Use-value and Exchange-value. Thus, for example, Condillac says:—"It is false that in exchange an equal value is given for an equal value; on the contrary, each of the contracting parties gives a lesser for a greater. If equal values were always exchanged, there would be no profit made by either party. But both make it or should make it. Why? Because things only have a value proportioned to our necessities; one thing is more to one and less to another, and inversely. We only offer for sale those things which we do not require for our own consumption. We seek to part with what is useless to us, and to obtain something which is useful. It would naturally be supposed that we should, in exchange, give an equal value for an equal value every time we exchanged if the things exchanged were each estimated as equal in value to the same sum of money. But there is another thing to be taken into consideration, and that is, whether each party exchanges a superabundant article for a necessary one"(*w*). Condillac not only confounds one thing with another—Use-value with Exchange-value, but he supposes, with child-like simplicity, that in a community based on commodity-production the producer must produce his own means of subsistence, and only put into circulation the superfluity which he does not require for his own necessities(*x*).

Notwithstanding this, we find that Condillac's argument is often reproduced by modern economists when they wish to prove that the developed form of exchange, *i.e.*, commerce, is a source of surplus value. Thus, for example, it is said that "Commerce adds value to products, for they have more value in the hands of the consumer than in those of the producer; we may thus consider trade strictly an act of production"(*y*). But commodities are not paid for twice over, once for their use-value and once for their exchange-

w Condillac, "Le commerce et le gouvernement," 1776, ed. Daire and Molinari, in the "Melanges d'Economie politique," (Paris, 1847, p. 267).

x Le Trosne pertinently replies to his friend Condillac, "In an established community there is no superfluity." At the same time he contradicts Condillac thus:—"If the two exchangers each receive an equal greater for an equal less, one receives as much as the other." It is because Condillac has not the least idea of exchange-value that Professor Roscher has taken him as the patron of his own childish ideas; *vide* his work, "Die Grundlagen der National Œkonomie," 3rd edition, 1858.

y P. P. Newman, "Elements of Political Economy," Andover and New York, 1835, p. 85.

value; and if the use-value of a commodity is of more use to the buyer than to the seller, its money-form is of more use to the seller than to the buyer. Otherwise, would he sell? Thus we may just as well say the buyer achieves "strictly" an act of production, when he transforms, for example, the stockings of a hosier into money.

When commodities, or commodities and money, of equal value (that is, equivalents) are exchanged, it is obvious that no one can take out of the circulation more value than he has put into it. No formation of surplus value takes place. In its purest form, commodity-circulation requires the exchange of equivalents; but everybody knows that in practice this purity of form is departed from. Let us suppose a case of the exchange of things which are not equivalents.

In all cases exchanges on the market are brought face to face only with other exchangers, and any power they possess is only the power of their commodities. The material difference between the latter is the material motive for exchanging them, and this motive brings the exchangers into a relationship of mutual dependence upon each other, in the sense that none of them has in his hands the things he himself wants, while each has those things which are wanted by others. Beside this distinction as to their different utility, the commodities have no other difference than that between their natural form and their value-form—money. In the same way the exchangers only differ in one respect—some are sellers, or possessors of commodities, others are buyers, or possessors of money.

Granted now, that the seller may, by some unexplained privilege, sell his commodity for more than it is worth—say for £110, when its value is only £100, that is to say, with a nominal rise in price of 10 per cent. The seller thus nets a surplus-value of £10. But after having been a seller he becomes a buyer. A third exchanger comes to him as a seller, and in his turn enjoys the privilege of selling his commodity 10 per cent. too dear. Our friend has thus gained 10 per cent. on the one side to lose it on the other(*z*). The definite result is that in reality all the exchangers reciprocally sell their commodities 10 per cent. above their value which comes to the same thing as though they sold them at their real value. A general rise in prices has the same effect as if, for instance, the prices were reckoned in silver instead of gold. The money-

z "By the augmentation of the nominal value of the products . . . . sellers are not enriched . . . . since what they gain as sellers, they precisely expend in the quality of buyers" ("The Essential Principles of the Wealth of Nations," &c., London, 1797, p. 66).

names—the prices—of the commodities are raised, but their real value remains unaltered.

Suppose, on the contrary, that buyers enjoyed the privilege of buying commodities at prices below their value. In this case it is not even necessary to remember that the seller may in his turn become a buyer. He was a seller before he became a buyer. He has already lost 10 per cent. on his sale before he gained 10 per cent on his purchase. Everything remains in its former state(*aa*).

The formation of surplus-value, or the transformation of money into capital, can thus proceed neither from sellers selling above value, nor from buyers buying below it(*bb*).

The problem is in no way simplified when external considerations are introduced, as, for example, by Torrens, who says:—"The effective demand consists in the power and the inclination (!) of consumers, whether exchange is either direct or by means of an intermediary, to give for commodities a larger proportion of all the ingredients of capital than the production costs "(*cc*). Producers and consumers come before each other in circulation only as sellers and buyers. To maintain that producers obtain surplus-value because consumers pay more for commodities than their value, is merely seeking to mask this proposition:—The commodity possessor, as a seller, enjoys the privilege of selling too dear. The seller has himself either produced his commodity, or he represents the producer; but the buyer also has either produced the commodity which has been turned into the money held by him, or he takes the place of its producer.

There are thus two producers brought face to face, what distinguishes them is that one sells and the other buys. It does not help us one whit to say that the former, under the name of producer, sells too dear, and that the latter, under the title of consumer, buys too dear(*dd*).

aa "If we are forced to sell for £18 a quantity of products worth £24, and them employ the same money in buying, we shall in our turn get for £18 that for which £24 has been paid" (Le Trosne, *l.c.*, p. 897).

bb "Each vendor can thus only succeed in habitually raising the prices of his own commodities by submitting habitually to pay more for the commodities of other vendors; and in the same way each consumer can only buy cheaper by submitting to a similar reduction in the price of what he himself sells" (Mercier de la Rivière, *l.c.*, p. 555).

cc R. Torrens, "An Essay on the Production of Wealth," London, 1821, p. 349.

dd "The idea of profits being paid by the consumers, is, assuredly, very absurd. Who are the consumers?" (G. Ramsay, "An Essay on the Distribution of Wealth," Edinburgh, 1836, p. 184).

The defenders of the illusory idea that surplus-value arises from a nominal advance in prices, or from the privilege of sellers to sell too dear, are of necessity driven to contend that there is a class which always buys and never sells, and which always consumes and never produces. The existence of such a class is quite inexplicable from our present standpoint—that of pure and simple commodity-circulation. But let us not anticipate. The money with which such a class constantly buys should come regularly from the producers' coffers into their own, gratis, without exchange, freely, or by virtue of an acquired right. To sell to this class at a price beyond the value, only means to recover some of the vanished money which has been unwillingly parted with(*ee*). The towns of Asia Minor, for example paid their tribute to ancient Rome in specie every year. With that money Rome bought commodities of those towns, and paid too dear for them. The Asiatics cheated the Romans, and thus recouped themselves by way of trade part of the tribute levied on them by their conquerors. But they were none the less duped in the end, for their commodities continued to be paid for with their own money. This was no enrichment, and created no surplus-value.

We are thus bound to keep within the limits of commodity-exchange, where vendors are purchasers, and purchasers vendors. Our difficulty perhaps arises from the fact that we have disregarded the individual characteristics of the exchangers, and have merely looked on persons as personified categories.

Exchanger A may be smart enough to throw dust in the eyes of his colleagues B and C, while they, with the best intentions to the contrary, are bound to wait for their revenge. A sells to B wine of the value of £40, and takes in exchange wheat of the value of £50. With money he has thus made more money, and turned his commodities into capital. Let us look at the transaction more closely. Before the exchange we had wine worth £40 in the hands of A, and wheat worth £50 in the hands of B, a total value of £90. After the exchange we still have the same total value. The value circulating has not increased one atom, nothing is changed but its distribu-

ee "When a man is in want of demand, does Mr. Malthus recommend him to pay some other person to take off his goods?" asks an astounded Ricardian of Malthus, who, like his pupil, the parson Chalmers, cannot sufficiently glorify the class of mere buyers or consumers. *Vide* "An Enquiry into those Principles respecting the Nature of Demand and the Necessity of Consumption, lately advocated by Mr. Malthus," etc., (London, 1821, p. 55).

tion between A and B. On the one side we have it as surplus-value, and on the other as under-value; what is *plus* on the one side is *minus* on the other. The same change would have occurred if A, without going through the empty form of exchange, had stolen £to from B. It is evident that no change in the distribution of the circulating values can augment their total, any more than a Jew can increase the total quantity of precious metals in a country by selling a Queen Anne farthing for a guinea. The entire capitalist class of any country cannot possibly overreach itself(*ff*).

We may turn things about as we will, but the fact remains the same. If we exchange equivalents no surplus-value can be produced; we have just seen that no surplus-value is produced when we exchange non-equivalents(*gg*). The circulation or exchange of commodities creates no value(*hh*).

It will now be understood why, in our analysis of the fundamental basis of capital, which conditions the economical organization of modern society, we pay but small regard to its popular and antideluvian forms of commercial capital and usury capital.

The form M—C—M plus surplus value, buying to sell dearer, is shown most clearly in the movement of commercial capital. On the other hand that movement goes on entirely within the sphere of circulation. But as it is impossible, by circulation itself, to explain the transformation of money into capital, or the formation of surplus-value, commercial capital would appear to be a thing impossible so long as only equivalents are

ff Destutt de Tracy, although (or perhaps because) a member of the Institute, was of the contrary opinion. According to him industrial capitalists derive their profits "by selling all they produce at a higher price than the cost of production. And to whom do they sell? In the first place to each other" (*l.c.*, p. 239).

gg "The exchange of equal values neither increases nor diminishes the mass of value subsisting in any community. The exchange of unequal values effects no change in that mass of value, although it adds to the fortune of one that which it takes from the fortune of another" (J. B. Say, *l.c.*, vol. I, pp. 434 435). Say, who is not in any way troubled by this proposition, borrows it, nearly word for word, from the physiocrat. The following quotation will show how well he has increased his own "value" by using the writings of economists who were *passés* in his day. Say's most celebrated aphorism. "Products are only bought with products," appears in the original physiocrat in this form:—"Products are only paid for with products" (Le Trosne, *l.c.*, p. 899).

hh "Exchange confers no value at all upon products" (F. Wayland. "The Elements of Political Economy," Boston, 1853, p. 168).

exchanged(*ii*). It seems only possible because of the double-sided fraud practised on the producers of commodities, in their capacity as buyers and sellers, by the parasitical dealer who comes between them in the form of the middleman. It is in this sense that Franklin says:—"War is nothing but brigandage, and commerce nothing but fraud" (*kk*). If the growth of commercial capital is not explained by the mere frauds of commodity-producers, there is the long series of middlemen, who are never wanting.

What we have just said of commercial capital is still more true of usury capital. With regard to the first, the two extremes, money thrown into the market and money which returns more or less increased, have at least sale and purchase as intermediate steps. With regard to the second, the form M—C—M plus surplus-value, assumes a form without the middle term: M—M plus surplus-value, or money which is exchanged for more money, which is opposed to the very nature of money, and altogether inexplicable from the standpoint of commodity-circulation. Thus we read in Aristotle:—"The chrematistic is a double science; on the one side it relates to commerce, and on the other to economics; in the latter relationship it is necessary and commendable; in the former, which is based on circulation, it is justly to be blamed, because it is not founded on the nature of things, but on reciprocal cheating; this is why the usurer is hated with perfect justice, because money becomes in his hands the means of acquiring more money, and does not serve the purpose for which it was invented. Its destiny was to facilitate the exchange of commodities, but interest makes money out of money. Hence its name (Τοκος, born, begotten), for children are like their parents. Of all the means of acquisition this is the most unnatural"(*ll*).

We shall see in the course of our researches that usury capital and commercial capital are derived forms, and then we shall explain why they appear in history before capital in the

ii "Under the rule of invariable equivalents, commerce would be impossible" (G. Opdyke, "A Treatise on Political Economy," New York, 1851, p. 69). "The difference between real value and exchange-value is based on the fact that the value of a thing differs from the so-called equivalent which is given for it in commerce—in other words the equivalent is no equivalent at all" (F. Engels, *l.c.*, p. 96).

kk Benjamin Franklin, Works, vol II., edition Sparks, "Positions to be examined concerning National Wealth."

ll Aristotle, *l.c.*, p. 10.

fundamental form which determines the economic organization of modern society.

We have shown that the sum total of values put into circulation cannot be increased there, and that consequently something must transpire, outside the circulation-sphere, which renders the formation of surplus-value possible(*mm*). But where else can it arise than outside the sphere of circulation, seeing that circulation is the sum-total of the reciprocal relationship of the exchangers of commodities? Outside that sphere the commodity-possesser stands in relation only to his own commodity, which contains a given *quantum* of labour, estimated by fixed social laws. That labour is expressed in the value of the product, just as that value itself is expressed in money, say at the price of £10. But that labour cannot be represented both by the value of the product and by a value which is still greater,—by a price of £10 which is at the same time a price of £11; in other words, the value of the product cannot be represented by a greater value than itself. The producer may indeed create values by his labour, but he cannot create values which increase of their own accord, and themselves become creators of other values. It is possible, of course, to add a new value to a commodity by new labour, for instance, by turning leather into a pair of boots. The same material is now of greater value because it has absorbed more labour. The boots are of more value than the leather, but the value of the latter remains just what it was, and no surplus-value is added in the making of the boots. It is thus impossible that outside the sphere of circulation, without coming into contact with other exchangers, the produce-exchanger can increase value, and communicate to it the property of begetting surplus-value. Yet, without the latter, there can be no transformation of money or commodities into capital.

Thus capital cannot arise from circulation, and just as little can it arise outside the sphere of circulation. It must, therefore, at the same time, arise from it and not arise from it.

We have thus arrived at a double result.

The transformation of money into capital can thus be explained on the ground of the immanent laws of commodity-circulation, in such a manner that the exchange of equivalents

mm "Profit, in the usual condition of the market, is not made by exchanging. Had it not existed before, neither could it after that transaction" (Ramsay, *l.c.*, p. 184).

forms the point of departure(*oo*). Our money-holder who is as yet only a capitalist in the chrysalis state, should first of all buy commodities of their exact value, then sell them for that value, and, at the end of the process, receive back more money than he advanced. The metamorphosis of the man of money into the capitalist has to take place within the sphere of circulation, and, at the same time, not to take place there! Such are the conditions of the problem. *Hic Rhodus, hic salta!*

oo After the preceding explanation, the reader will understand that what is meant is this:—The formation of capital should be possible at the same time as the prices of commodities are equal to their value. If these differ, it is necessary to adjust them—that is, to set aside that circumstance as though it were purely accidental, in order to be able to observe the phenomenon of the formation of capital in its integrity upon the basis of the exchange of commodities, without being troubled by those incidents which only help to complicate the problem. We know, moreover, that this reduction is not merely a scientific process. The continuous oscillations of prices on the market—their rising and falling—compensate and reciprocally annul each other, and maintain an average price as their internal law. This law forms the guiding star of the merchant or the workman in any undertaking which requires a length of time to carry out. They know that if they take a period long enough, goods will sell at their average price—neither above it nor below it. Thus if the workman had an interest in seeing clearly, he would put the problem thus:—"How can capital be produced if prices are regulated by their average price, that is o say, in the last instance, by the value of the commodity?" I say, "in t he last instance," because the average price does not co incide directlyt with the value of commodities, as Adam Smith, Ricardo, and others believe.

CHAPTER VI.

The Buying and Selling of Labour-Power.

The increase of value by which money is transformed into capital cannot proceed from the money itself. If it serves as the means of purchase or of payment, it can only realise the prices of the commodities which it buys or for which it pays; while if it retains its own proper shape it is nothing more than petrified value(*a*).

It therefore follows that the change of value expressed in the formula M—C—M plus surplus value (or the conversion of money into commodities and the reconversion of the same commodities into a larger sum of money), arises from the commodities themselves. But it cannot be effected by the second act of the circulation, viz., the reconversion of the commodity into money, for in this act the commodity merely changes from its natural form to its money form. If we examine the first act of the circulation, M—C, or purchase, we only find an exchange of equivalents, and that consequently the commodity has no more exchange-value than the money into which it is converted. There remains yet a third possibility, to wit, that the increase proceeds from the use-value of the commodity; in other words, from its use or its consumption. But the question is the change, or increase, in its exchange-value. In order to get value out of a commodity it would be necessary for the holder of money to meet with the lucky chance of discovering in the very midst of the circulation—in the market itself—a commodity whose use-value possessed the particular virtue of being a source of exchange-value in such a way as to enable the consumer to effect the realisation of the labour, and thus to create value. And our money-holder does as a matter of fact find on the market the commodity possessing this specific

a "In the form of money . . . . capital is productive of no profit." (Ricardo, "Principles of Political Economy," p. 267).

virtue, and which is called the power of labour, or labour-power.

Under the name of labour-power we include the entire collection of those physical and intellectual faculties which dwell in the human frame and constitute the living personality, and some of which the individual puts into operation whenever he produces any kind of use-value.

In order, however, that our holder of money may find upon the market labour-power in the form of a commodity, various conditions must be first fulfilled. The exchange of commodities does not, of itself, involve any other relations of dependence than those which arise from its own nature. This being so, labour-power can only present itself on the market as a commodity, by being offered or sold by its immediate possessor; and that he may be able to sell his labour-power, he must be the free proprietor of that and of his own person(*b*). He and the holder of the money meet on the market, and enter into relations with each other as exchangers on an equal footing. The only difference between them is that one sells, and the other buys, and thus both are juridically equal.

In order that this relation may continue, it is necessary that the owner of the labour-power shall never sell it for more than a fixed period, for if he sells it altogether, once and for all, he sells himself, and is no longer a free man, but a slave; he is no longer a seller, but the thing sold. If he wishes to retain his personality he should only place his labour-power temporarily at the disposal of the buyer, and in such a way that in selling it, he does not give up his own personal interest in it(*c*).

b Amongst historians we often meet with the statement, as absurd as it is erroneous, that Capital was fully developed in the days of classical antiquity, "save that the free labourer and the credit system were wanting." Mommsen, in his "History of Rome," heaped up one *quid pro quo* on the top of the other.

c Legislation of different sorts has fixed a maximum for the labour-contract. All the codes of those nations in which labour is free, lay down conditions for the rescinding of the contract. In different countries, notably in Mexico (and before the American civil war in the territories taken from Mexico, and the thing, if not the name, in the Danube provinces, till the time of Couza) slavery is concealed under a form which bears the name of "peonage." By means of enroachments on labour, continued from one generation to another, not only the labourer himself, but his family too, became the property of other persons and their families. Juarez abolished peonage in Mexico, but the *soi-disant* emperor Maximilian re-established it by a decree which the Chamber of Representatives at Washington denounced as a decree

The second essential condition to enable the holder of money to buy labour-power, is that the possessor of the latter, instead of being able to sell the commodities in which his labour is realised, shall be forced to offer for sale the labour-power itself which is contained in his organism.

Whoever seeks to sell commodities as distinct from his own proper labour-power, must of course possess the means of production, such as materials, tools, etc. He cannot, for instance, make boots without leather; and moreover, he is in need of the means of subsistence. No man, not even the musician of the future, can live on the products of posterity nor exist on Use-values, the production of which is not yet accomplished; to-day just as on the first day of his appearance in the world, man must consume before he produces, and while he is producing. If his products are commodities, it is necessary that they shall be sold in order to satisfy the needs of the producer. To the time necessary for production must be added the time requisite for sale.

In order, therefore, to convert money into capital, it is essential that the holder of the money shall find at the market a *free labourer*, and *free* in a double sense. The labourer must firstly be a free person, disposing of his labour-power, as a commodity, of his own free-will; and secondly, he must not have any other commodity to sell—he must, that is, be free from everything, and absolutely without the means necessary for the realisation of his labour-power.

Why does the free-labourer find himself in the sphere of circulation? This question is of interest merely to the holder of money, to whom the labour-market is but a particular branch of the general commodity-market; and for the moment it interests him no further than this. Theoretically we hold to this fact, as the holder of money holds to it practically. In any case one thing is very clear. Nature does not produce on the one hand possessors of money or commodities, and on the other hand possessors of labour-power pure and simple. Such a relationship has no natural foundation, nor is it a relationship common to all periods of history. It is evidently the result of a preliminary historical development, the product of a large

for the re-establishment of slavery in Mexico. "I may alienate," says Hegel, "for a given time the use of my physical and intellectual powers, and of my possible capacities, because within that limit they only preserve an external relation to the totality and generality of my being; but the alienation of the whole of my time as concrete labour, and of the totality of my production, would make that which is within, *i.e.*, my general power and personality, the property of another" (Hegel, "Philosophy of Rights," Berlin, 1840, p. 104, § 67).

number of economic revolutions, and the issue of the destruction of a whole series of ancient forms of social production.

Even the economic categories which we have already considered bear an historic seal. Certain historic conditions must be fulfilled before the product of labour can be transformed into a commodity. So long, for example, as that product is destined to satisfy only the immediate needs of its producer, it does not become a commodity. If we had pursued our researches further, and enquired under what circumstances all products (or the greater part) took the form of commodities, we should have found that this only occurs on the basis of a mode of production altogether special—capitalist production. But such a study would have been altogether outside the simple analysis of a commodity. Commodity-production and commodity-circulation may exist even though the greater portion of products, being consumed by the producers themselves, do not enter into circulation as commodities. The processes of production are not controlled in all their length and breadth by exchange-value. The presentation of products as commodities requires in the community such a degree of development of the division of labour that the separation of use-value and exchange-value, which only begins to show itself in direct commercial barter, is already accomplished. Such a degree of development, as history teaches us, is compatible with the most diverse economic forms of society.

Again, the exchange of products must possess the form of commodity-circulation before money can come on the scene. Its different functions as a simple equivalent, a means of circulation, a means of payment, a treasure, and "World's-money," all indicate in their turn, by their comparative predominance one over another, the widely diversified phases of social production. Experience teaches us, however, that a commodity-circulation relatively developed is sufficient to bring all these forms into being. It is otherwise with capital. The historic conditions of the existence of capital do not coincide with the circulation of commodities and of money. Capital is only produced where the holder of the means of production and of subsistence meets on the market the free labourer who comes there to sell his labour-power, and that single historic condition includes an entirely new world. From that point capital proclaims itself as an epoch of social production(*d*).

d That which characterises the capitalist epoch is this, that labour-power acquires for the labourer the form of a commodity which belongs

We must now examine this labour-power more closely. This commodity like every other, has its value(*e*). How is this value determined? By the labour-time necessary for its production.

As so much value, labour-time represents the *quantum* of social labour realised in it. But it only exists, as a matter of fact, as the power or faculty of the living individual. The individual being given, the production of labour-power consists in the reproduction or conservation of himself. For that conservation the individual needs a certain quantity of the means of subsistence. The labour-time necessary for the production of labour-power thus resolves itself into the labour-time necessary to produce the means of subsistence; or rather, the labour-power is equal in value to the means of subsistence necessary to him who puts it in operation.

Labour-power realises itself by its external manifestation, or declares itself by labour, which on its part requires the expenditure of a certain quantity of muscle, nerve, brain, and so forth, which expenditure has to be compensated. The greater the quantity used, the greater is the cost of reparation(*f*). If the possessor of this labour-power has been working to-day, he ought to be able to begin again to-morrow in the same condition of health and vigour. It is thus necessary that the quantity of means of subsistence shall be enough to support him in his normal condition of life.

Natural necessities, such as food, clothing, warmth, shelter, etc., vary according to the climate and other physical peculiarities of a country; while, on the other hand, the number of those needs, and the mode of satisfying them are historical results, and depend in great part upon the degree of civilisation attained, and also upon the customs and habits of life of the class of free labourers(*g*). Labour-power from the point of

to him, and his labour consequently assumes the form of wage-labour. On the other hand it is only from this point that the commodity-form of products becomes the predominant social form.

e "The value or worth of a man, as of all other things, is his price: that is to say, as much as would be given for the use of his power" (Th. Hobbes, "Leviathan," in Works, ed. Molesworth, London, 1839-44, v. III., p. 76).

f In ancient Rome the *villicus*, or steward who was set over the slaves, received less rations than they did, because his labour was less wearing; *vide* Mommsen's "History of Rome," 1856, p. 810.

g Cf. "Over-population and its Remedy," by W. T. Thornton (London, 1846)

view of its value, involves moral and historical considerations which distinguish it from all other commodities; but the country and the period being given, the average means of subsistence is easily ascertained.

The owners of labour-power are mortal. In order that a supply of that commodity may always be found in the market (as the transformation of money into capital demands), it is necessary that those owners shall perpetuate themselves, "as each living individual perpetuates itself, by propagation"(*h*). The labour-power which use and death take out of the market must be replaced by at least an equal quantity. The total means of subsistence requisite to the production of labour-power must therefore include the subsistence of those who are to replace its owners—that is, their children—so that this peculiar race of commodity-owners may be perpetuated on the market(*i*).

Further. In order so to modify man's natural powers as to bring them to the point of skill and celerity in any given kind of labour—that is to say, so as to secure the development of labour-power in any special direction, a certain amount of education is needed, which will cost a sum equal to a greater or smaller quantity of equivalents in the form of commodities. This sum will be more or less in proportion to the more or less complicated nature of the labour-power. The cost of education, very small for the simpler forms of labour-power, must be added to the total of the commodities necessary for the production of that power.

As the value of labour-power is equivalent to a determinate quantity of the means of living, so does its value vary with theirs, being proportional to the labour-time requisite for their production.

Certain parts of the means of living, such as food and firing, daily disappear in the process of consumption, and must be daily replaced. Other parts, such as clothing, furniture, etc., wear away more slowly, and only require to be replaced at long intervals. Some commodities must be bought and paid for daily, others weekly, others quarterly, and so on. But in

h Petty.

i "Its [labour's] natural price . . . . consists in such a quantity of necessaries and comforts of life as, from the nature of the climate, and the habits of the country, are necessary to support the labourer, and to enable him to rear such a family as may preserve, in the market, an undiminished supply of labour" (R. Torrens, "An Essay on the External Corn Trade, London, 1815, p. 62). The word "labour" is here wrongly used for "labour-power."

of a year, their total is covered by the average daily receipts. If we say that the quantity of commodities wanted each day to produce the labour-power = A, that wanted each quarter = C, and so on, then the average daily quantity of commodities will be

$$\frac{365\,A + 52\,B + 4\,C}{365}, \text{ etc.}$$

The value of the quantity of the commodities for an average day only represents the labour-time expended in their production, say six hours; thus half-a-day's labour-time is required to produce the labour-power of a day. The *quantum* of labour required for its daily production fixes its daily value. Suppose, now, that the average quantity of gold produced in a half-day of six hours equalled three shillings; then three shillings expresses the daily value of the labour-power. If the owner of the labour-power offered himself for three shillings per day, he would sell his labour at its proper value, and, according to our supposition, the holder of money, eager to turn his shillings into capital, would pay that sum.

The price of the labour-power reaches its *minimum* when it is reduced to the value of the means of subsistence which are physiologically indispensable, *i.e.*, a quantity of commodities which could not be less without placing the life of the labourer in danger. When this *minimum* is reached the price has fallen below the value of the labour-power, which can only maintain and develop itself in an impoverished form. Thus, the value of the commodity labour-power is determined by the labour-time required to enable it to be supplied in its normal condition.

That is extraordinarily cheap sentimentalism which regards as rude and uncouth the fixing of the value of labour-power by causes arising from the very nature of things, and which cries—as Rossi does—"The conception of the power of labour as the abstraction of the means of subsistence of the labourers while the work of production proceeds, is a reasonable thing. To speak of labour, and of labour-power, is equivalent to speaking of the labourer and his means of living—the workman and his wages"(*k*). He who speaks of labour-power does not speak of labour, any more than he who talks of the power of digestion talks of digestion itself. To perform the operation of digestion, as everybody knows, something is wanted besides a good stomach. He who speaks of labour-power does not talk in the abstract of the means necessary for support; on the

k Rossi "Cours de l'Econ. Polit.," Brussels, 1842, p. 370.

contrary, *their* value is expressed by *its* value. It is of no use to the labourer unless it is sold, and instead of glorifying it he will regard it as a cruel natural necessity that his labour-power, which has already required a certain quantity of the means of subsistence for its production, demands that those means shall be constantly renewed for its reproduction. He will then find out, with Sismondi, that "labour-power . . . . unless it is sold, is nothing"(*l*).

The peculiar nature of this specific commodity, labour-power, brings about this result, that when the contract between seller and buyer is made, the use-value of the commodity has not yet really passed over into the buyer's hands. Its value, like that of all other commodities, was fixed before it entered into circulation, seeing that its production had required the expenditure of a certain amount of social labour; but the use-value of labour-power depends upon its being put into operation, which of course can only take place later. The alienation of the power and its real manifestation, or its service as a use-value—in other words, its sale and its employment—are not simultaneous. When commodities are sold, the use-value of which is formally alienated by sale without being at the same time actually handed over to the purchaser, his money operates as a medium of payment, that is to say, the vendor only receives payment at the period more or less distant, when the commodity he sells shall have realised its use-value. In all countries where the capitalist mode of production prevails, labour-power is only paid for when it has been in operation during a time fixed by the contract—say for a week(*m*). The labourer thus makes to the capitalist an advance of the use-value of his labour; he allows it to be consumed by the buyer before he pays for it; in a word, the labourer gives credit to the capitalist(*n*). And the proof that this credit is no vain chimera is found, not only in the fact of whatever mode these expenses may be distributed in the course

l Sismondi, "Nouv. Princ." &c., v. I., p. 112.

m "All labour is paid after it has ceased" ("An Enquiry into those Principles respecting the Nature of Demand," &c., p. 104). "Commercial credit ought to have begun at the moment when the labourer, by reason of his economy, was able to wait for the wages of his labour until the end of the week, fortnight, month, quarter, etc.," (Ch. Ganilh, "Des Systèmes de l'Econ. Polit.," 2nd ed., Paris, 1821, v. I., p. 150).

n "The workman lends his industry," but, adds Storch slily, "he risks nothing except the loss of his wages; the workman hands over nothing material" (Storch, "Cours de l'Econ. Polit." St. Petersburg, 1815, v. II., p. 37).

the loss of the wages when the employer becomes bankrupt, but also in a host of other consequences not so accidental(*o*).

We know now how to fix the value paid to the owner of that peculiar commodity, labour-power. The use-value which he sells to the buyer is only shown in its actual employment

o One example out of a thousand. There are in London two sorts of bakers, viz., the "full-priced," who sell their bread at its real value, and the "undersellers," those who sell it below that value. The latter class comprises more than three-fourths of the entire number of bakers (p. xxxii. of the "Report" of the Government Commissioner, H. S. Tremenheere, upon the "Grievances Complained of by the Journeymen Bakers," &c., London, 1862). The undersellers, almost without exception, sell bread adulterated with mixtures of alum, soap, chalk, Derbyshire stonedust, and similar ingredients about as wholesome and as nourishing. (See the above cited Bluebook, and also the "Report of the Committee of 1855 on the Adulteration of Bread," and Dr. Hassall's "Adulteration Detected," 2nd ed., London, 1862). Sir John Gordon declared before the Committee of 1855 that "in consequence of this adulteration the poor, who live daily on two pounds of bread, do not now obtain one-fourth of the nutritious elements necessary for their support, to say nothing of the pernicious influence of such food upon their health." To explain why it is that the poor put up with this adulteration, although they are fully aware of it, Tremenheere says (*l.c.*, p. lxvii.):—"They are forced by necessity to obtain their bread either from the baker or the chandler's shop, such as he chooses to give them." As the workmen are only paid at the end of the week they can only pay at that time for the bread consumed by themselves and their families, and Tremenheere adds, on the testimony of eye-witnesses:—"It is notorious that the bread composed of such mixtures is made expressly for sale in this manner." "In many agricultural districts in England, and still more in Scotland, wages are only paid fortnightly, or even monthly. While the workman is waiting for his wages he is compelled to obtain his goods on credit. He has to pay higher prices for everything, and is, as a matter of fact, fast bound to the retail shopkeeper, who exploits him and pumps him dry. Thus, for example, at Hermingham, Wilts, where wages are paid monthly, a stone of flour, which could otherwise be got for 1s. 10d., costs 2s. 4d." (Sixth "Report on Public Health by the Medical Officer of the Privy Council," &c., 1864, p. 264). In 1853 the cotton-printers of Paisley and Kilmarnock, in the West of Scotland, had recourse to a strike to compel their employers to pay them fortnightly instead of monthly" (Reports of the Inspectors of Factories for the 31st October, 1853, p. 34). As examples of the exploitation of workmen which results from the credit they are compelled to give to the capitalist, I may mention the method employed in England by a great many exploiters of mines and of coal. As they only pay their workmen once a month they make advances in the meantime, especially of articles which the workmen are obliged to buy at prices beyond the current rates (the "Truck System"). It is the usual practice amongst the proprietors of mines to pay their workmen once a month, and in the meantime make them advances at the end of each intermediate week. This money is given to them at the 'tommy shop,' that is to say a retail shop which belongs to the master, so that the latter receives back in one hand what he pays with the other" (Children's Employment Commission, Report III., London, 1864, p. 38, n. 192).

that is, in the expenditure of that power. Everything necessary for the doing of the work—the raw material, etc., is bought at the produce-market by the holder of the money, and paid for at its proper price. The consumption of labour-power is at the same time the production of commodities and of surplus-value. It takes place, like the consumption of all other commodities, outside of the market and the sphere of circulation. Together with the holder of money, and the holder of labour-power, we will quit that noisy sphere, where everything takes place on the surface and before all observers, and we will follow them into their secret laboratory of production, over the portals of which is inscribed the legend, "No admittance except on business." There we shall see not merely how Capital is produced, but how it produces itself. The grand secret of modern society—the fabrication of surplus-value—will at last stand revealed.

The sphere of commodity-circulation, in which the sale and purchase of labour-power are effected, is, in reality, a veritable Eden of natural rights of man and citizen. Nothing rules there but Liberty, Equality, Property, and Bentham. *Liberty!* because neither vendor nor purchaser is under constraint; each acts of his own free will. They contract together as free men, possessing the same rights. The contract is the result in which each expresses his right of free will. *Equality!* for they only enter into relationship one with another as possessors of commodities, and they exchange equivalent for equivalent. *Property!* because each disposes only of what is his own. *Bentham!* for each acts for himself. The only power which brings them together is their egotism, their particular profit and their private interests. And because each one thinks for himself and neither for the other, because by virtue of a pre-established harmony of things, or under the auspices of an ingenious providence, each one labours for himself, they labour at the same time for the general utility and in the common interest. When we leave that simple sphere of circulation, or commodity-exchange, which furnishes the vulgar economist with his notions, his ideas, his ways of looking at things, and with the criterion by which he judges the world of capital and of wages, we shall notice a certain change in the physiognomy of our *dramatis personæ*. Our old friend, the holder of money, will take the lead, and, in his capacity as capitalist, walk first; the owner of labour-power will follow in the rear, as his workman; the one will hold up his head in self-importance, while the other will be timid, hesitating, restive, like one who takes his own skin to market, and only waits until—*it is tanned.*

END OF SECTION II.

SECTION III.

THE PRODUCTION OF ABSOLUTE SURPLUS-VALUE.

CHAPTER VII.

The Production of Use-Value and of Surplus-Value.

1). Production of Use-Value.

The use or employment of labour-power is labour itself. The buyer of that power consumes it when he sets the seller to work. In order that the product may be a commodity the labour must be useful; in other words, it must realise itself in the shape of use-values, or things which satisfy some necessity. It is thus a particular use-value, a special article, which the capitalist gets produced by his workman. The production of use-values, or goods for the benefit of the capitalist and under his control, does not change their common nature. The process of labour must, therefore, be next examined, quite apart from any given social form of it.

Labour is a transaction, in the first place, between man and nature—a process in which man, by his own power, brings about and controls a change in nature's materials. Man, himself a natural force, stands *vis-à-vis* with natural matter. The powers with which he is endowed, arms and legs, head and hands, he puts into operation in order that he may assimilate and adapt to his own purposes the material supplied by nature. At the same time as he acts on and modifies external nature he modifies his own nature, develops his own dormant faculties, and brings the play of his powers under his own sway. We are not here concerned with that primordial condition of labour in which man deals with nature by instinct, after the manner of the beasts of the field. The circumstances under which the labourer comes into the market as the seller of his own labour power, have put into the background those circumstances in which human labour had not yet got rid of its animal instincts.

Our point of departure is labour in that form which appertains exclusively to man,—a spider-like operation, like that of the weaver, and the bee, which by the construction of its honeycomb puts the architect to shame. But that which puts the very clumsiest architect before the most expert bee, is the fact that the former constructs his cell in his head before he builds it in his hive. The result to which the labour tends already exists in idea in the mind of the labourer. His labour does not consist in merely changing the form of natural materials; he realises at the same time a conscious purpose, which becomes the law governing his mode of operation, and to which his will is subordinated. And that subordination is not a single act alone. While the work lasts it demands, outside the acts of the organs which perform it, a sustained attention which can only arise from the constant application of the will—an application which becomes the more imperative in proportion as the labourer is less attracted and carried onwards by the nature of his work and the mode of its execution, or derives less enjoyment from the exercise of his bodily and mental faculties.

The simple elements of which the labour-process is built up are (1) the personal activity of the individual applied to a specific purpose, or labour itself; (2) the object on which the labour is expended; and (3) the means by which it works.

The earth (which from an economic point of view includes the water also,) just as it furnished to primeval man the means of living ready prepared,(*b*) is also, without man's help, found ready as the object of his labour. Everything which labour merely separates from its direct connection with the earth, is a naturally prepared object of labour. It is thus with fish taken from their native element the water; timber cut down in the primeval forest; minerals extracted from their bed. If the object of labour is already prepared by anterior labour, we call it "raw material," as for example, ore loosened from its vein and washed. All raw materials are objects of labour, but all objects of labour are not raw materials; they only become such after having been submitted to some prior modification by labour.

The "means of labour" is a thing, or a collection of things, which man interposes between himself and the object

b "The earth's spontaneous productions being in small quantity, and quite independent of man, appear, as it were, to be furnished by nature, in the same way as a small sum is given to a young man, in order to put him in a way of industry, and of making his fortune" (James Steuart, "Principles of Political Economy," ed. Dublin, 1770, vol. I., p. 116).

of his labour as the conduit pipes, as it were, of his own activity. He employs the mechanical, physical, or chemical properties of certain things as forces brought to bear upon other things according to his purpose(*q*). Those objects of which the labourer makes direct use (apart from his taking possession of the fruits of the earth as the means of living, of which purpose his own organs are the instruments) are not the objects of labour but the means of labour. He converts external things into instruments of his own activity in such a way as to add (*malgré* the Bible) to his natural stature. As the earth is man's original means of living, so also it is the original storehouse of his means of labour. It furnished him, for example, with the stone with which he made his darts and hatchets, ground his meal, etc. The earth itself is a means of labour, but it only becomes such after a series of other labours have been previously carried out(*r*). As soon as labour becomes in ever so small a degree developed, it requires means of labour previously prepared. In the most ancient caves are found implements and weapons of stone. Together with the worked shells, bones, stones, and wooden implements, animals tamed and subdued (that is to say, already modified by labour) must be placed in the front rank as the means of labour(*s*). Although the use and creation of means of labour may be found crudely developed amongst certain species of animals, they are the special characteristic of human labour, and Franklin defines man as "a tool-making animal." The *débris* of ancient means of labour are as important for the study of extinct economic forms of society as are fossil bones for the knowledge of the organisation of extinct races. Economic epochs are distinguished one from another not by what was made, but by how and by what means the making was done(*t*). The means of labour are the measure of

q "Reason is as powerful as it is cunning. Its cunning consists, in general, in that intermittent activity which, while it leaves objects to work upon each other in conformity to their nature and without confusing or intermixing their respective forces, at the same time effects the precise accomplishment of its own purpose" (Hegel, "Encyklopädie," Erster theil, "Die Logik," Berlin, 1840, p. 382).

r Ganilh, in a work otherwise wretched enough ("Théorie de l'Economie Politique," Paris, 1815), opposes to the Physiocrats a long series of preliminary operations which are necessary before agriculture, properly so called, can come into play.

s In his "Reflexions sur la formation et la distribution des richesses," 1766, Turgot well sets forth the importance of tamed animals in the beginnings of culture.

t Of all commodities, articles of luxury are of the least significance in view of a technological comparison of different epochs of production.

the development of labour, and reveal the social conditions under which the work is done. But the mechanical means—which as a whole we may call the osseous and muscular systems of production—furnish characteristics much more clearly distinctive of a particular economic epoch than those means whose only purpose is to receive and preserve the objects or products of labour, and which as a whole constitute the vascular system of production, such, for instance, as tubes, barrels, baskets, pitchers, etc. It is in chemical fabrication that these first begin to play a more important part(*u*).

Besides those things which serve as intermediaries, or conduits through which man transmits his energy to the object on which he works, the means of labour, in a wider sense, include all those material conditions which, without forming an actual part of his work, are at the same time indispensable, and without which it could only be imperfectly done. The earth is again the common instrument of this sort, for it furnishes the labourer with his *locus standi*, his fundamental basis, and the field for the employment of his activity. The means of labour which fall into this category, but which are the result of anterior labour, are, for example, workshops, canals, roads, etc.

The activity of man, with the help of these means of labour, thus effects the desired change in the object on which he works. The process disappears in the product, that is, in a use-value, or natural material adapted by a change of form to satisfy a human necessity. The labour becomes bound up with, and materialised in, its object, and the object becomes a manufacture. What was movement on the part of the labourer now appears as a property of the thing wrought. The workman has woven, and the product is the texture.

If we regard this whole movement in the light of its result, the product, then both the means of labour and the object of labour will appear as means of production(*v*), and the labour itself as productive labour(*w*).

u Although historical works pay small regard to the development of material production, and with it the groundwork of all social life and consequently of all history worthy the name, yet they do at least divide prehistoric times into eras corresponding with the material used for the making of tools and weapons—the Stone age, the Bronze age, and the Iron age.

v It seems paradoxical to speak, *e.g.*, of a fish, not yet caught, as a means of production for fishing. But the art of taking fish from waters where there are none, has yet to be discovered.

w Though this explanation of productive labour is sufficient when regarded from the standpoint of the simple labour-process, it is altogether insufficient when we are dealing with the capitalist production-process.

If a use-value is the result of the labour-process, it is the product of other use-values which are themselves the outcome of anterior labour. The use-value which is the produce of one labour-process becomes in its turn the means of producing another. Products are thus not only the results, but also the conditions of the labour-process.

The objects of labour are only furnished by nature in the case of the extractive industries, such as mining, hunting, fishing, etc.; with regard to agriculture, this only happens when the virgin soil is broken and utilised for the first time. In all other cases industry manipulates raw material; *i.e.*, an object already prepared by labour, like the seed in agriculture. The animals and plants which are usually looked on as natural products are, in their actual shapes, the productions not only, it may be, of last year, but also of a transformation continued for centuries under man's control and by means of man's labour. As for the tools, the most superficial glance shows the traces of previous labour.

Raw material may form the principal substance of a product, or it may merely enter in the shape of auxiliary matter. The latter is then consumed by the means of labour, as the oil for the steam-engine, and the hay for the draught horse; or perhaps it is added to the raw material to effect some modification, as chlorine to unbleached linen, coal to iron, colour to wool; or it may aid in the doing of the work itself, as, for example, the material used in cleaning or warming the workshop. The distinction between raw material and auxiliary matter is lost in chemical manufactures properly so called, in which none of the materials used reappear in the substance of the product(*x*).

As all materials possess various properties, and lend themselves thereby to various uses, the same product is capable of forming raw material for different operations. Thus grain furnishes raw material to the miller, the starch-maker, the distiller, and the wheat grower; it becomes, as seed, the raw material for its own production. In the same way coal is the raw material by which are carried on the mining operations which procure more coal from the bowels of the earth.

The same product may at times serve as the means of labour as well as the raw material; thus in the manuring of wheat,

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x Storch distinguishes raw material proper, which he simply calls "matter," from auxiliary material, which he calls "material," and which Cherbuliez calls "instrumental material."

the animal is the working instrument, and also serves as the medium for the preparation of the manure.

A product which already exists in a form fit for consumption, may also in its turn become the raw material of another product; thus, grapes are the raw material of wine. There are also some kinds of labour the product of which is only available for raw material. The product in this state is only partially finished, and may be called progressive material, or material in progress; as, for example, cotton, thread, yarn, &c. Original raw material, although itself a product, may have to circulate through numerous movements, under constantly modified forms, acting at each step as raw material until the final operation which sends it forth as an object of consumption or as means of labour.

We see that whether a Use-value appears as raw material, as the means of labour, or as a product, depends entirely upon its function in the labour process, and upon the place which it occupies; and its change of place changes its condition.

Every Use-value which, as a means of production, enters into a new labour-process, loses its character as a product, and acts only as a doer of vital work. The spinner uses the spindle and the flax only as the means and object respectively of his labour. It is certain he cannot spin without tools and materials, and the existence of these things is presupposed at the beginning of the operation of spinning; but in the process of spinning, he does not care what kind of anterior labour has produced his flax and his pegs, any more than we care in eating whether our bread is the result of the prior labour of the farmer, the miller, the baker, and so on. On the contrary, when the work is once started, it is only by their defects that the value of the means of production is manifested. A knife that will not cut, and yarn which breaks every minute, awaken disagreeable thoughts about the people who made them. Good products do not make us think of the labour from which they derive their useful qualities.

A machine which does no work is useless, and rapidly deteriorates under the influence of nature's agents. Iron rusts, wood rots, and yarn that is not worked up becomes eaten by moths. Vital labour must seize on these things in order to save them from death and convert their possible utility into actual utility. Licked by the flames of labour, transformed in their nature by labour, called by its voice to fulfil their proper functions, they are indeed consumed, but consumed in order that they may become the formative elements of new products, and new use-values which serve either as the means

of life in individual consumption or as the means of production in new labour-processes.

Thus if products are not merely the result of the labour-process, but also furnish the conditions under which alone that process can be carried on, it is only by the addition of labour, and by bringing them into contact with living labour, that the results of prior labour can be preserved and utilised.

Labour uses up its material elements—its objects and its means—and is thus an act of consumption. This productive consumption differs from individual consumption, the latter consuming products as the means of enjoyment to the individual, while the former consumes them as the means of carrying on labour. The product of individual consumption is thus the consumer himself, while the product of productive consumption is quite distinct from the consumer.

So far as the means of labour and the objects of labour are products already, labour consumes them to create new products, or rather uses them as the means of production for new products. But though the labour process was originally employed by man upon the earth, which he had not previously prepared by his own act, and which he found ready to his hand, it nevertheless furnished him with the means of production provided by nature, and representing no connection between natural material and human labour

The labour-process, as we have analysed it in its simple and abstract form, the activity which has for its object the production of use-values and the appropriation of external objects to man's use, is the general condition of the exchange of material between nature and man, a constant physical necessity of human life, and is thus independent of all social forms, or rather is equally common to them all. We are thus not called upon to consider the relations between one labourer and another. Man and his labour on the one hand, and nature and her materials on the other, are sufficient for our purpose. Just as we are unable from the taste of wheat to tell by whom it was grown, so are we unable to divine by the products of labour under what conditions that labour was accomplished. There is nothing to show us whether it was done under the brutal whip of the slave-driver, or the fierce and restless eye of the capitalist; whether it is Cincinnatus labouring on his acres, or a savage felling an animal with a stone(*y*).

y No doubt it was by the help of *la haute logique* that Torrens discovered in the stone of the savage—*the origin of capital*. "In the first stone thrown by the savage at the animal which he hunted, in the first stick which he seized to bring down fruit which he could not reach with his hands, we see the appropriation of one object for the purpose of acquiring another: and we thus discover the origin of capital" (R. Torrens: "An Essay on the Production of Wealth," etc., p. 79). By this same stick (German, *stock*) we may apparently explain why "stock" is in England a synonym for "capital"!

Let us return to our budding capitalist. We have lost sight of him from the moment when he had just bought in the market all the factors necessary for the accomplishment of labour—the objective factor, or the means of labour, and the subjective factor, or labour-power. Being a knowing and keen-witted man, he has selected those factors necessary for the particular operation he wishes performed—spinning, boot-making, or what not. Our capitalist then sets about the using of the commodity he has bought, the labour-power, *i.e.*, he causes the labourer, the bearer of the labour-power, to consume, by his labour, the means of labour. The general nature of labour is not changed by the fact that the labourer works for the capitalist and not for himself. The particular mode of making boots or spinning yarn is not changed by the intervention of the capitalist. The buyer of labour-power has to take it as he finds it in the market, or labour-power as it existed when there were no capitalists. Though the mode of production may become completely transformed when labour is subordinate to capital, that transformation takes place later on, and therefore does not, at the moment, concern us.

The labour-process, so far as it is the consumption of labour-power by the capitalist, shows only two phenomena.

The labourer works under the control of the capitalist to whom his labour belongs. The capitalist takes care that the labour is only expended on the desired object, that the material is not wasted, and that the tools are not destroyed more than is absolutely required by the work to be done.

In the second place, the product is the property of the capitalist, and not of the workman by whom it is directly produced. The capitalist pays, for example, the daily price of the labour-power, the use of which thus belongs to him for the day, just like the horse which he hires by the day. The use of a commodity belongs to its buyer, and in giving up his labour, the possessor of labour-power only gives up that which he has sold. From the moment when the labourer enters the workshop, the use-value of his labour-power, *i.e.*, his labour, belongs to the capitalist. In buying labour-power the capitalist has added the fermenting material to the passive elements of the products. From this point of view the labour-

process is merely the consumption of labour-power, the commodity which he has bought, but which he can only consume by adding to it the means of production. The labour-process is an operation carried on between two things he has bought, and which belong to him, and the product belongs to him just as much as the product of the fermentation in his cellar (*z*).

11). The Production of Surplus-Value.

The product—the property of the capitalist—is a use-value, as for example, cloth, boots, and so forth. But although boots, so to speak, form the basis of the world's progress (and our capitalist is a man of progress), the capitalist does not surely make boots for the mere love of making them. In commodity-production the product is not commonly prized for its own sake. Its work is that of a value-bearer, and commodities are only produced because they are the material *substrata* of value, or value-bearers. Thus our capitalist strives above all things to produce a useful article which has an exchange-value, an article destined for sale—a commodity. And, further, he desires the value of that commodity to exceed the value of the commodities necessary to produce it—to exceed, *i.e.*, the total value of the means of production and of the labour-power upon which he has spent his precious money. He wants to produce not only a useful article, but a value; and not merely a value, but a surplus-value.

As a matter of fact, we have up to this point only considered commodity-production from one point of view—that of the use-value. But just as a commodity is at the same time a use-value and an exchange-value, so its production should be at the same time the formation of use-value and the formation of value.

Let us now examine production from the "value" point of view.

We know that the value of a commodity is determined by the *quantum* of labour materialised in it—by the time socially requisite to produce it. It thus becomes necessary to calculate the labour embodied in the product which our capitalist has had made—say ten yards of cloth.

In order to produce the cloth he must find the raw material—say 10lbs. of wool. It is of no use to try to find the value of the wool, for the capitalist had to buy it in the market at its current price, say ten shillings. In that price the labour necessary to produce the wool is already represented as average social labour. We will take the use of the loom, and the other means of labour made use of, at two shillings. If a piece of gold worth twelve shillings is the result of twenty-four hours' labour, it follows that the labour of twenty-four hours, or two days, is realised in the cloth.

The facts that the wool has changed its form, and that the use of the loom has resulted in a given quantity of "wear and tear," need not concern us. By the general law of exchange, ten yards of cloth are equivalent to 10lbs. of wool, and the said given quantity of wear and tear of the loom. In this case the same labour-time is represented by ten yards of cloth and by 10lbs. of wool and so much loom. The fact that loom and wool, instead of remaining apart, combine to do the weaving which produces the cloth and thus changes them into a use-value, does not affect their value any more than if they were simply exchanged for their equivalent in so much cloth.

The labour-time necessary to produce the cloth includes the labour-time necessary to produce the raw material, the wool. Just so it includes the labour-time necessary to replace the wear and tear of the loom *(aa)*.

In calculating the value of the cloth, that is, the time necessary to produce it, we must consider the different kinds of labour—separated by time and space, and necessary in the first place to produce the wool and the loom, and then to make the cloth—as successive phases of the same operation. All the labour embodied in the wool is past labour, and it matters

z "Products are appropriated before they are transformed into capital; their transformation does not rob them of that appropriation" (Cherbuliez: "*Riche ou Pauvre*," edit. Paris, 1841, p. 53, 54). "The workman, in selling his labour for a certain *quantum* of the means of subsistence, completely renounces all participation in the product. The appropriation of the product remains, as before, and is in no way modified by the above-named arrangement. The product belongs exclusively to the capitalist who has found the raw material and the means of subsistence. This is an inevitable result of the law of appropriation, and is a complete inversion of the fundamental principle that every producer has an indefeasible right to his product" (*l.c.*, p. 58). "When workmen work for wages, the capitalist is proprietor not only of the means of production, but also of the labour. If, as is usually the case, we include in our notion of capital that which is paid for wages, it is absurd to speak of capital and labour as distinct things. The word 'capital' in this sense, includes both things, capital and labour" (James Mill: "Elements of Political Economy," etc., p. 15).

aa "Not only the labour applied immediately to commodities affects their value, but the labour also which is bestowed on the implements, tools, and buildings with which such labour is assisted" (Ricardo, *l.c.*, p. 16).

little that the labour required to produce the constituent elements may have been carried on long before the time for weaving, which is the final operation. If thirty days are requisite to build a house, the sum total of the necessary labour is not lessened because the labour of the thirtieth day comes into operation twenty-nine days after the work of the first day. Just in the same way the labour-time embodied in the raw material and the weaving tools must be taken into account as though they formed part of the final work of weaving.

Two conditions, be it observed, must be fulfilled; in the first place, the means used must actually serve in producing the use-value, which, in this case, is the cloth. The kind of use-value is not of moment as affecting the value; but it must be a use-value. Secondly, it is understood that the labour-time has been consumed under the normal conditions of production. If, in ordinary conditions, one lb. of wool suffices for one yard of cloth, only one lb. of wool will be reckoned in estimating the value of that yard. The capitalist may have a fancy for using tools of gold instead of tools of steel, but he must estimate the value of his products as if they were made with steel tools.

We know, then, the value of the wool and of the wear and tear of the loom, viz., twelve shillings. It now remains to be seen what value is added by the labour of the weaver.

Labour now presents itself under a new aspect. At first it was merely the art of weaving. The more valuable the weaving, the more valuable the cloth, *cæteris paribus*. The labour of the weaver differs from other productive labour only by its object, its technical method, the qualities of its product, and the specific means of production; and the weaver could not of course, with his wool and loom, make a rifle. On the other hand, as far as it is a source of value, the labour of the weaver differs in no respect from that of the rifle-maker, or (which is more to the purpose) from that of the grower of wool and the maker of looms; in other words, the weaver's labour, as a source of value, does not differ from the labour embodied in the materials by which the cloth is produced. If these various labours, in spite of their varying forms of utility, were not identical in essence, they could not form constituent parts, indistinguishable as to quality, of the total labour realised in the product. From that time the values of "wool" and "loom" no longer constitute integral and separate parts of the total value "cloth." In truth, what now concerns us is no longer the quality, but the quantity of the labour; it is this alone which is taken into account.

Granted that weaving is the actual labour employed; we shall see later that any other supposition would serve equally well.

During the process of production, labour constantly changes from the dynamic to the static form. The labour of one hour (*i.e.*, the expenditure of the weaver's vital force during one hour) is represented by a fixed quantity of cloth.

That which is, however, of vital importance to our subject is that the weaver only requires that length of labour-time which is commonly required for the same amount of work. If under normal conditions—that is, under average social conditions—one hour is required to convert A lbs. of wool into B yards of cloth, we can only reckon, as a day's work of 12 hours, the labour which converts 12 × A lbs. of wool into 12 × B yards of cloth. The labour-time socially necessary (average labour-time) is the only time which can be taken into account in the formation of value.

It may be remarked that not only the labour but also the means of production and the product itself have now changed their *rôle*. The raw material can only absorb a certain quantity of labour. It is true that the wool has by that absorption been changed into cloth aided by the vital force of the workman expended in the form of weaving, but the product in the form of cloth only serves as a guage to indicate the quantity of labour absorbed by the wool; for example, 10 yards of cloth indicate 6 hours labour, if one hour is required to weave $1\frac{2}{3}$ yards of cloth. Certain quantities of a given product show by experience that they only represent given quantities of solidified labour—they are the materialised result of an hour, two hours, or a day of social labour.

It is a matter of indifference to us that in our case the precise labour is weaving and the product cloth, and also whether the object of labour is raw material or is already a product. If the workman was engaged in a coal-mine instead of at a loom, nature herself would furnish the material on which he worked. All the same, a given quantity of coal extracted from its bed—say one ton—would represent a given quantity of absorbed labour.

As regards the value of the labour-power, we have taken it at 3s. a day—the quantity of gold in which 6 hour's labour are embodied, and therefore 6 hour's work are needed to produce the average means of subsistence necessary for the labourer's support. As our weaver in one hour converts $1\frac{2}{3}$ lbs. of wool into $1\frac{2}{3}$ yards of cloth, in six hours he will convert 10 lbs. of

wool into 10 yards of cloth (*bb*). During the weaving, the wool thus absorbs 6 hours of labour. The same labour-time is embodied in a sum of gold worth 3s. The weaver has thus added 3s. to the value of the wool.

Let us now reckon the total value of the product, the ten yards of cloth. They represent two-and-a-half days' labour—two days in the wool and the loom, and half-a-day in the weaving. The same quantity of labour is represented in gold worth 15s., which sum expresses the value of the 10 yards of cloth, or 1s. 6d. per yard.

Our capitalist pricks up his ears at this. The value of the product exactly equals the capital advanced. The value advanced has not increased; it has begotten no surplus-value, and the money has not therefore been turned into capital. The price of the 10 yards of cloth is 15s., and 15s. were paid out at the market in buying the constituent elements of the product, or, which comes to the same thing, in buying the factors of the labour-process:—10s. for the wool, 2s. for wear and tear of the loom, and 3s. for the labour-power. It matters nothing that the value of the cloth may rise, for it is only the total of the values previously spent upon the factors, and in adding them they are not multiplied (*cc*). All these values are now concentrated in one object; but they were so concentrated in the 15s. which he took from his purse and subdivided into three purchases.

There is nothing strange in this result. The value of a yard of cloth comes to 1s. 6d., and in the market our capitalist has to pay 15s. for ten yards of cloth. Whether he buys a house ready built, or whether he has it built at his own cost, none of these operations will augment the money spent in acquiring the house.

The capitalist, mounted on his common political economy, may possibly cry out that he only advanced his money with the intention of multiplying it. But the road to hell is paved with good intentions, and no one will blame him for intending

bb These figures are entirely suppositious.

cc Upon this proposition the physiocrats have for the most part based their doctrine of the unproductiveness of all non-agricultural labour, and it is irrefutable for economists—of a sort. "This fashion of imputing to one thing the value of several (for example, to cloth the product of weaving), of laying, so to speak, stratum upon stratum, several values on one, makes the latter so much more. The term addition shews very well the manner of forming the prices of the result of workmanship: the price is only the total of several values added up; but to add is not to multiply" (Mercier de la Rivière, *l.c.*, p. 599).

to make money without producing anything (*dd*). He vows he will never be caught napping again; in future he will buy his goods ready-made at the market, instead of making them himself. But if all his compeers do likewise, how will there be any goods in the market? Anyhow, he cannot eat his money. So he begins to ask questions. Taking his abstinence into consideration, he might have a feed with his 15s., but instead of that he has employed it productively in the making of cloth. That is true; but then he has cloth instead of remorse. He must be careful lest he becomes one of those treasure-hoarders which his asceticism will surely make of him.

Moreover, where there is nothing the King loses no rights. Whatever the merits of his abstinence he makes nothing out of it, since the total value of his product is only equal to the combined values which he put into it. He might console himself with this balm, that only virtue can compensate virtue. But no! he becomes importunate. He has only made his product it is true; but then he has his product to sell. Very well, he will sell it; or what is more simple, he will in future only produce articles necessary for his own consumption; McCullock, his Æsculapius in ordinary, has already given him this panacea against epidemic over-production. He kicks against this. Can the workman pretend to build in the air with his ten fingers—to produce commodities out of nothing? Has not he himself furnished the workman with the materials in which and with which alone he can give body to his labours? And, seeing that society consists mainly of these bare-footed folks, has he not rendered an immense service to the said society, and more especially to the workman to whom he has advanced the very means of subsistence? And he is to get nothing in return for this service! But has not the workman rendered *him* a service in turning his wool into cloth? He is of no use in any other way (*ee*). Service is only the useful

dd It was thus, for example, that from 1844 to 1847 he withdrew part of his capital for the purpose of speculating in railways. Just in the same way, during the American civil war, he threw all his workmen on to the streets so that he might gamble in cotton on the Liverpool market.

ee "Sing thy own praises as much as thou wilt, but whosoever takes more or better than he gives is a usurer, and does no service, but wrong, to his neighbour, as much as though robbed and pillaged. All is not "service" which goes by that name. An adulterous pair render each other great service, and derive great pleasure therefrom. A dagger renders great service to the assassin and robber, in enabling them to rob and plunder houses and folks on the highway, and to attack person and

result of a use-value, whether it be a commodity or labour, and what it produces is an Exchange-value. The capitalist has paid the workman 3s., who returns an exact equivalent by adding 3s. to the value of the wool—value for value.

Our friend, though just now swollen up with capitalist insolence, takes all at once the attitude of a simple workman. Has not he worked too? His work of inspecting and superintendence—have not these formed value? His manager and his overseer shrug their shoulders, for he has, meanwhile, with an evil smile, been springing one of his habitual mines upon these helpers. He jeers at us with his whole round of preachments, but for the lot he would not give a single farthing. He leaves the subterfuges, the hair-splitting arguments, to the political economists. They are paid for such things, which are their legitimate sphere. As for him, he is a practical man, and if he does not always pay great heed to what he says outside his factory, he keeps a close eye on what is done within it.

Let us look at things a little more closely. The daily value of the labour-power is three shillings, because half-a-day's labour is necessary to produce that power daily—that is to say, the necessary daily means of subsistence for the labourer cost half-a-day's work. But the previous labour which the labour-power conceals, and the actual labour which it can do—its daily cost and what it can daily produce—are two vastly different things. The cost of the labour-power fixes its exchange-value; what it can produce fixes its use-value. Half-a-day's labour will enable the workman to live for four-and-twenty hours, that fact does not hinder him from working the whole day. The value which the labour-power possesses in itself, and the value which it can create, thus differ in extent. It was this difference in value which the capitalist had in view when he bought the labour-power. The aptitude of that power to produce cloth, or boots, or what not, was only a *conditio sine quâ non*, for the labour-power must be expended in a useful form in order to produce value. But what really decided the matter was the specific utility of the commodity, labour-power, in producing value, *and surplus-value*, which in itself it did not possess. This is the special service which the capitalist requires. He conforms in this case to the eternal laws of

property. The papists do us great service in refraining from torturing, burning, and killing us. The devil himself renders us great and immeasurable service. . . . In short, the whole world abounds gaily in great and excellent "services" and "benefits" (Martin Luther "An die Pfarherrn, wider den wuchern zu predigen," etc., Wittemberg, 1540).

commodity exchange. In effect the seller of the labour-power, like the seller of any other commodity, realises the exchange-value and alienates the use-value. He cannot obtain the one without parting with the other. The use-value of the labour-power—*i.e.*, the labour—no more belongs to the seller than does the use of the oil to the oilman who sells it. The man who owns the money has paid the daily value of the labour-power; its use during the day thus belongs to him. The fact that the subsistence or support of that power only costs half-a-day's labour, although the labour itself endures for a full day (in other words, the fact that the value created by the use of the labour-power for a whole day is twice as much as its proper daily value), is a stroke of luck for the buyer, but does no wrong to the seller.

Our capitalist has foreseen this fact, and it brings a smile to his face. The workman thus finds in the workshop the means of production necessary for a day's labour, not of six, but of twelve hours. Seeing that 10lbs. of wool have required six hours' labour to convert them into ten yards of cloth, 20lbs. of wool will require 12 hours' labour to convert them into 20 yards of cloth. Let us now consider the product of this prolonged labour. The 20 yards of cloth embody five days' labour, of which four were realised in the wool and the wear and tear of the loom, and one by the wool in the operation of weaving. But the money expression of the five days labour is 30s. or £1 10s., which is therefore the price of the 20 yards of cloth. A yard of cloth costs 1s. 6d. now as before, but the total value of the commodities employed in the operation do not exceed 27s., while the value of the cloth is 30s. The value of the product thus exceeds by one-ninth the value advanced for its production. The 27s. advanced are thus transformed into 30s.—they have begotten a surplus-value of 3s. The conjuring trick is accomplished. Money is metamorphosised into capital.

Every factor of the problem has been solved, and the laws of commodity-exchange are in no wise broken. Equivalent has been exchanged for equivalent. The capitalist bought each commodity in the market—the wool, the loom, the labour-power—at its proper value. Then he did what every other buyer does—he consumed their use-value. The consumption of the labour-power being at the same time a production of commodities, results in 20 yards of cloth, worth 30s. The capitalist, who left the market as a buyer, comes back to it as a seller. He sells his cloth at 1s. 6d. a yard, not a jot under or over its value, and yet he takes out of the circulation three shillings more

than he put into it. This transformation of his money into capital goes on in the sphere of circulation and yet it does not go on here. It transpires through the *medium* of the circulation, being conditioned by the purchase of the labour-power in the commodity-market; but it does not transpire within the circulation-sphere because the labour is exploited in the production sphere, where it becomes a source of surplus-value. And thus it is "tout pour le mieux dans le meilleur de mondes possibles."

The Capitalist, in transforming money into commodities which form material elements of a new product, and thus incorporating therein the power of living labour, transforms the value—of labour used up, dead, done with—into capital, or value *breeding* value, a living monster which begins to work as though possessed of the devil.

If we now compare the value-*making* process with the value-*breeding* process (*ff*) it will be seen that the latter is nothing more than the former carried beyond a certain point. If the labour-process is only carried on up to the point at which the labour-power is replaced by a new equivalent, it is simply the production of value; when it passes that point it is the production of surplus value.

If we now go further, and study the value-making process as compared with the labour-process itself, we shall see that the latter consists of labour put to a purpose, that purpose being the production of use-values. In this aspect we regard the labour as resulting in a special object; we keep in view its aim, and consider only its qualitative side. But if we regard the labour-process as a creating of value, it presents only its quantitative side. In this latter case the question is merely one of the time occupied by the workman about his work, the time, that is, during which the labour power is usefully applied. Here the commodities employed in the process are no longer considered in the light of necessary aids to labour-power in producing a definite object of use, but are regarded merely as the embodiments of so much materialised labour. That labour, whether it is already embodied in the means of

(*ff*) I have translated "Werthbildungs-process," and "Verwerthungs-process." "Value-making process" and "Value-breeding process" respectively. The former describes the simple operation of adding Use-value to material by labour, the latter is used by Marx to describe the process which the capitalist employs in converting value into surplus-value. The one is the simple creation of value by labour, the other is the employment of the value so created to breed surplus-value by an entirely different process.—J. B.

production, or is for the first time embodied in them by the operation of labour-power during the process, is in either case only counted by its length, that is to say, by so many days or so many hours.

Further, the time consumed in producing any article is counted as the average time necessary under given social conditions. This brings about results of varied kinds. Firstly, it is requisite that the labour shall be carried on under normal and usual conditions. If a steam-loom is the tool commonly used for weaving, it would be ridiculous to put the weaver to a hand-loom. The wool, too, must be of suitable texture, and not of such inferior quality as to cause extra waste in the process of weaving; for, were it otherwise, the weaver would consume more time in weaving a yard of cloth than is commonly consumed, and the wasted time would neither produce money nor use-value. But whether the factors necessary to the process are or are not of proper normal quality, rests with the capitalist, and not at all with the workman. Secondly, the labour-power employed must be of the average quality. In the calling to which it is applied it must be possessed of the average skill, dexterity, and speed usual in that calling, and our capitalist takes proper care to purchase labour-power of that average quality.

This power must be put forth with average force, and with the ordinary degree of intensity. Our capitalist therefore watches carefully that no time is allowed to slip by without work being done. He has bought the labour-power for a fixed time, and intends to have what is his. He does not mean to be defrauded. Last of all—and to this end he frames a penal code of his own—he permits no waste of raw materials or tools, because any such waste means labour spent in vain on material or tools, which counts for nothing, and does not enter into the value of the product (*gg*).

gg This is one of the things which makes production based on slave labour so costly. The labourer here, to quote the forcible expressions of the ancients, is only distinguishable as *instrumentum vocale*, the animal being *instrumentum semi-vocale*, and the inanimate implement *instrumentum mutum*. But the slave himself shows by his treatment of beasts and implements that he is something different—a man. He persuades himself with much satisfaction that there is a distinction between him and them, and illtreats the one and wastes the other *cum amore*. Hence in this mode of production this economic principle universally holds good, that only the rudest and roughest tools shall be employed, and such as from their very clumsiness are not easily damaged. Down to the period of the civil war no ploughs were to be found in the slave states adjacent to the Gulf of Mexico but those of the old Chinese model, which instead of properly turning over the soil merely threw it about as would a hog or a mole.

It will be seen from our previous analysis of the commodity, that the distinction between labour regarded on the one hand as producing use-values and on the other as creating value, now manifests itself as a distinction between different aspects of the production-process. Regarded as the union of the labour-process and the value-creating-process, the production process is the production of commodities; regarded as the union of the labour-process and the process of creating surplus-value, it is the capitalist process of production—the capitalist form of commodity-production.

It has before been remarked that in creating surplus-value it is not of the slightest consequence whether the labour which the capitalist appropriates is merely unskilled labour of average quality, or more complicated labour—labour, that is, of a higher specific skill. Labour of a more complicated and more advanced kind than average labour is the expenditure of labour-power, in the production of which more time and labour have been expended than in producing unskilled labour-power, and which is, therefore, of proportionately greater value. If the value of this power is higher, its consumption is superior labour—labour which creates in the same time more value than unskilled labour. Whatever difference there may be in the skill between the work of a spinner and the work of a jeweller, that part of the work by which the jeweller simply replaces the value of his labour-power does not differ qualitatively from the other part of his labour through which he creates surplus-value. In the one

Cf., J. C. Cairns; "The Slave Power," London, 1862, pp. 46, *et seq.* In his "Sea Board Slave States," Olmsted says:—"I am here shown tools that no man in his senses, with us, would allow a labourer, for whom he was paying wages, to be encumbered with; and the excessive weight and cumsiness of which, I would judge, would make work at least, 10 per cent. greater than with those ordinarily used with us. And I am assured that, in the careless and clumsy way they must be used by the slaves, anything lighter or less rude could not be furnished them with good economy, and that such tools as we constantly give to our labourers, and find our profit in giving them, would not last out a day in a Virginia cornfield—much lighter and more free from stones though it be than ours. So, too, when I ask why mules are so universally substituted for horses on the farm, the first reason given, and confessedly the most conclusive one, is that horses cannot bear the treatment that they always must get from the negroes; horses are always soon foundered or crippled by them, while mules will bear cudgelling, or lose a meal or two now and then, and not be materially injured, and they do not take cold or get sick, if neglected or overworked. But I do not need to go further than to the window of the room in which I am writing, to see almost any time, treatment of cattle that would ensure the immediate discharge of the driver by almost any farmer owning them in the North."

case as in the other, the surplus-value is only the result of extra quantitative labour—in other words, of the longer time during which one and the same labour process is continued, whether it be spinning or jewel-making(*hh*).

On the other hand, however, it is impossible to avoid, in every value-creating process, reducing skilled labour to average social labour, for instance, one day of skilled labour to six days of unskilled labour, and so on (*ii*).

We thus save a superfluous operation, and simplify the analysis by assuming that the labour employed by the capitalist is unskilled labour.

(*hh*) The distinction between higher and simpler labour—skilled and unskilled labour, rests partly on mere illusions, or at any rate on distinctions which long ago lost their reality, and only survive by traditional convention; and partly on the helpless state of some portions of the working class—a state which prevents them from insisting like the rest on the full value of their labour power. Accidental circumstances have so great an effect that these two forms of labour change places. In cases for example, where the physique of the working-classes has comparatively fallen off and is exhausted, which is the case in all communities where the capitalist mode of production is well developed, the lower kinds of labour, which require a large expenditure of muscle, are commonly regarded as skilled in comparison with more delicate kinds of work, which fall to the level of unskilled labour. For instance, there is bricklayers' labour, which in England stands on a much higher level than that of a damask weaver. Again, the labour of a fustian-cutter calls for great physical strength, and is very unwholesome, but it only ranks as unskilled labour. We must also bear in mind that so-called skilled labour is not by any means a large proportion of the whole body of national labour. Laing calculated that in England and Wales, 11,000,000 people depended upon unskilled labour for their living. If from the entire population of 18,000,000 living when he wrote we subtract 1,000,000 for the upper classes, and 1,000,000 for paupers, vagabonds, thieves, and prostitutes, there remains 4,000,000 for the middle classes, including the lesser landlords, officials, authors, artists, schoolmasters, and so forth. But in order to make up this 4,000,000 he reckons in the working portion of the middle classes, besides bankers, etc., and all the better paid working men. The bricklayers even do not fall into the "skilled labour" sections, but are reckoned in with the 11,000,000. (S. Laing, "National Distress," etc., London, 1884). "The great class who have nothing to give for food but ordinary labour, are the great bulk of the people" (James Mill, art. "Colony," supplement to the Encyclopædia Brit., 1831).

(*ii*) "When reference is made to labour as a measure of value, it necessarily implies labour of one particular kind . . . the proportion which the other kinds bear to it being easily ascertained," ("Outlines of Political Economy" London, 1832, pp. 22 and 23).

CHAPTER VIII.

Constant and Variable Capital.

The different factors of the labour-process play different *rôles* in the formation of the value of the product of that process.

The workman adds a new value to the object on which he works by expending on it a certain amount of additional work, whatever the special nature and utility of his work may be. On the other hand, the values of the tools (*i.e.*, the means of production) used up in the labour-process are conserved, and are met with in a new form as essential constituents of the value of the product—for example, the values of the wool and the loom are preserved, and form part of the value of the cloth. The value of the means of production (tools) is thus conserved in being carried over into the product. This transfer occurs during the labour-process, *i.e.*, while the means of production are being metamorphosed into a product. This transfer is thus effected by means of labour: but how?

The workman does not do two things at once—one for the purpose of adding a new value to the wool and the other for the purpose of conserving the value of the tools which he makes use of to turn the wool into cloth. It is in the very operation of adding new value that he conserves the old value. Seeing, however, that the adding of new value to the object of his labour, and the conservation of its former value, are two results clearly distinct from each other, which the workman produces concurrently by one operation while he is at work, it is manifest that the twofold nature of the product can be explained only by the twofold nature of the labour which produces it; it must at the same time create value in one capacity, and conserve or transfer value in another capacity.

Now in what way does each labourer add labour-time, and consequently value? Manifestly, he does so only in the form of his own peculiar productive activity. The spinner only gives labour-time while he spins; the weaver, while he weaves; the smith, while he forges. But while it is true that the

labour, speaking generally, adds new value, it is equally true that it is the particular form in which the labour is applied—spinning, weaving and so forth—which changes the means of production, the cotton and spindle, the wool and loom, the iron and anvil, into the formative elements of a product, or a new Use-value (*kk*). The old form of the Use-value vanishes, but only to come forth in a new shape as a new Use-value. When the process of creating value was under consideration, we saw that if a Use-value was consumed in producing a Use-value, the labour-times spent in the production of the article consumed constituted a part of the labour-time necessary for the production of the new Use-value; and that part is thus labour-time transferred from the consumed means of production to the new product. It therefore follows that the workman conserves the value of the used-up means of production and transfers that value so that it becomes part of the value of the product, not by an extra quantity of labour, but by reason of the specific form in which his labour is applied. His special form of productive power—spinning, weaving, forging, and so on—by its mere contact with the means of production raises them, so to speak, from the dead, endows them with life as factors of the labour-process, and unites with them to form new products.

If the special productive form of the workman's labour were not spinning, he could not turn cotton into yarn, and consequently he could not incorporate in the yarn the values of the cotton and of the spindle. If on the other hand the workman changed his trade and became a joiner, he could still add value to the material upon which he wrought. We thus see, in the first place, that he adds new value not specially because his labour is spinning or carpentering, but because it is abstract labour—a part, that is, of the sum-total of the labour done by the community; and we see in the next place, that he adds value to a certain amount, not by reason of the specific utility of his labour, but because that labour is carried on for a fixed period. Thus, on the one hand, it is because spinning is labour in general, or the quantitative expenditure of abstract human labour-power, that it creates new value; and on the other hand it is because of the specific qualitative character of the labour that the old value of the means of production is transferred to and conserved in the product. Thus the results, produced at one time, are of a two-fold nature.

kk "Labour gives a new creation for one extinguished."—("An Essay on the Political Economy of Nations," London, 1821, p. 13).

By the mere addition of a certain amount of labour new value is imparted; and by the specific form of the labour the former value of the means of production is conserved in the labour-product. This two-fold result of the same labour, brought about by the two-fold nature of that labour, shows itself in different aspects.

We will suppose that some invention or other renders it possible to spin as much cotton in six hours as could previously be spun in 36. For the purposes of the production of articles of utility, the spinner's labour is now six times more effective than before. The result of six hours' work is increased sixfold, it is 36lbs. instead of 6lbs. But at the same time the 36lbs. of cotton only absorb as much labour as 6lbs. did before. Every pound of cotton absorbs six times less new labour than by the old method, and is therefore only one sixth of the former value. On the other hand, the value incorporated from the cotton into the 36lbs. of yarn is six times as much as it was previously. In six hours' spinning, six times as much value as before is conserved in the raw material and transferred to the product, although the labourer only adds one sixth as much value to the same quantity of raw materials as he added before. This proves that the two characteristics of labour, *i.e.*, conserving value and creating value, are essentially distinct from each other. On the one side we see that the more time is required to turn a certain portion of cotton into yarn the more is the new value imparted to the material; and on the other side we see that the larger is the amount of cotton turned into yarn in a given period, the larger is the value conserved in it and transferred from it to the new product.

Now take the opposite case, in which the productive power of the labour of the spinner remains constant, and that, therefore, it takes the same time now as before to turn a pound of cotton into yarn, but that the exchange-value of the cotton is the variable quantity, rising to six times its former value, or falling to one sixth of that value. In each of these cases, the spinner puts the same labour into one pound of cotton, and thus adds as much value to it, as before the change in the exchange-value! and he also makes a certain quantity of yarn in the same time as before. Yet all the same, the value transferred by the labourer from the cotton to the yarn is in the one case one sixth of what it was before the variation in exchange value, and in the other six times as much. The same result would happen if the value of the means of labour should rise or fall without any variation in their productive capacity.

Take another case. If the technical conditions under which the spinner works remain the same, and no alteration takes place in the value of the means of production, the labourer will continue to use up equal quantities of raw material in equal times, and also equal quantities of machinery—that is, the wear and tear and raw material used up in any given time will remain constant. The value which the labourer conserves in any product will always bear a relative proportion to the new value which he imparts to that product. In a fortnight he will embody twice as much labour as in a week, and consequently twice as much value; in a fortnight he will use up twice as much raw material, and wear out twice as much machinery, as in a week. He will, therefore, conserve in two weeks twice as much value as in one. While the conditions of production are not altered, the greater is the value which he imparts by new labour, the greater is the value which he conserves; and this proportion between the value added and the value conserved is maintained simply because the new value is added under conditions which have not varied, and which are independent of his own labour. Of course it is true that the workman conserves old value in proportion as he adds new. The value of cotton may rise from one shilling to two shillings a pound, or it may drop to sixpence; but after the rise or drop, as well as before it, the workman conserves in two hours twice as much value as in one. So also on the other hand, if the productive power of his labour increases or diminishes, the increase or diminution will not alter the fact that he can give twice as much value in two hours as in one, although he actually spins more or less in one hour than before the change. Value (apart from its purely symbolical representation by tokens) exists only in use-values—in objects of utility. (Even man himself, considered as the mere embodiment of labour-power is a *thing*, although he is a living, self-conscious thing; and labour is the tangible result of the power which resides in him.) An article, therefore, which has lost its usefulness has with it lost its value. The means of production do not lose their value in losing their utility, because in the labour-process they only lose the old form of their use-value, which assumes a new form in the product. But while it is essential that value should find an object in which to manifest itself, what that object may be is a matter of no moment, as we found when the metamorphosis of commodities was under consideration. It follows, therefore, that in the labour-process the value of the means of production only goes over into the product to the same extent as those means, in parting with their use-value,

part also with their exchange-value. In other words, they only give over to the product that value which, as means of production, they lose themselves. The material factors of the labour-process, however, differ from each other in this respect.

The coal which keeps the machine at work vanishes and leaves no trace behind it; so also does the oil which greases the axles of the wheels, and so on. Dyeing materials, and other auxiliary things, also disappear in the using, but reappear in the product. Raw material, when it has changed its shape, is the substratum of the product. Thus both raw material and auxiliary things lose their own characteristic and distinguishing form while going through the labour-process; but this is not the case with the means of labour—the tools. Tools, machinery, ships, and factories are only serviceable in the labour-process so long as they conserve their first shape, and are every day ready to renew the process with that shape unchanged. In their span of life, as we may term it—that is to say, while the process lasts in which they take part—they retain their shape altogether apart from the product itself; and so also do they retain that shape when their span of life is over. The carcases of machinery, tools, workshops, and so forth, are in all cases quite distinct and apart from the products they have helped to make.

If we now regard the case of any instrument of labour during the whole of the time in which it is in active use—from the moment when it comes into the factory till the moment when it is thrown away as useless—we shall see that in this period its total use-value has been used up, and that its exchange-value has therefore been entirely made over to the products it has turned out. Thus if the spinning machine lasts ten years, it is quite evident that during that period its entire value is bit by bit incorporated in the products it turns out in the course of those ten years. The life of a tool is thus spent in repeating similar operations more or less times over. The life of a tool is likened to that of a man. Each day takes him 24 hours nearer to his grave; but we cannot tell by looking at him how many days he has to live. All the same, however, insurance companies can draw very exact and very profitable conclusions by the help of the law of averages. The same thing is true of tools. Experience shows what will be the average life of a tool. We will suppose that its life—that is, its use-value in the labour-process, is only six days, in which case it parts every day with one sixth of its value, which goes into the product. Wear and tear of tools, their loss of use-

value each day, and the corresponding value imparted to the product, are therefore all computed on this basis.

It thus becomes very clear that the means of production cannot impart more use-value to a product than they themselves lose by the destruction of their own use-value in the labour-process. If a tool or other means of production has no value—that is, if it is not itself the result of human labour—it can impart no value to the product. It helps to make use-value, but makes no exchange-value. This category includes those means of production which Nature supplies without the intervention of man, as land, wind, water, metals *in situ*, timber in virgin forests, and so on.

Another phenomenon of interest here claims our attention. Suppose that a machine is worth £1,000 and wears out in 1,000 days. Thus one thousandth part of its value is transferred each day to the daily product. Meanwhile the machine, as a whole, continues to do its part in the labour-process, though its vitality is decreasing. It is apparent, therefore, that one factor in the labour-process, viz., a means of production, constantly enters as a whole into that process, while into the process of creating value it enters by fractions only. The material factors of these two processes (the labour-process and the process of value-creation) here reflect the distinction between the two operations, seeing that in the labour-process the instrument of production takes part as a whole, while in the value-creating process it takes part only by fractions(*ll*).

On the contrary, however, a means of production may enter into the formation of value as a whole, while it only enters in fractions into the labour-process. In cotton-spinning, for instance, we will say that the waste in every 115lbs. used is 15lbs., which is turned not into yarn but into what is called "devil's dust." Now, while it is true that this 15lbs. of cotton does not become an integral part of the yarn, it is also true that (taking this quantity of waste to be normal and unavoidable under the ordinary conditions in which spinning is carried on) the value of the 15lbs. is just as certainly put into the value of the yarn, as the value of the 100lbs. of cotton of which the substance of the yarn consists. In other words, the use value of 15lbs. of cotton must become dust before the

ll The question of the repair of the implements of labour does not now concern us. A machine under repair is not an instrument of labour but an object of labour—work is done *upon* it, but not *with* it. It is allowable in our argument to assume that labour spent on repairing implements may be included in the labour required to produce them. But, in the

100lbs. of yarn can be completed. To produce that amount of yarn, one necessary condition is that the 15lbs. of cotton shall be destroyed in the process. And it is for the very reason that this condition is indispensable, that the value of the 15lbs. of cotton wasted is transferred to the 100lbs. of yarn. The same reasoning holds good of all kinds of refuse which results from a labour-process, in cases where such refuse cannot be further utilised as a means for producing new, independent use-values. The consumption of refuse in producing new values may be seen in the large machine manufactories in Manchester, where huge heaps of iron-turnings are at night taken to the foundry, to reappear the next morning in the factory as compact masses of iron to be again worked up.

As we have already seen, the means of production only impart value to the product so far as they lose their own Use-value in the operation. It is plain that the maximum loss of value which they can undergo in the process is confined to the original value which they brought into that process—in other words, confined to the labour-time spent in their own production. Thus the means of production can under no circumstances impart more value to the product than they possess in themselves independently of the labour-process in which they take part. However great may be the utility of the raw material, or the machine, or any other means of production—say it cost £150, or 500 days' labour, it can add to the value of the collected products, which it helps to make, no more than

text we are dealing with wear and tear, that complaint which doctors cannot cure—with "that kind of wear which cannot be repaired from time to time, and which, in the case of a knife, would ultimately reduce it to a state in which a cutler would say of it, that it is not worth a new blade." It is shown in the text that a machine takes its part as a whole in each labour-process, while into the simultaneous operation of creating value it only enters piece by piece. It will be seen, therefore, how dire is the confusion in the following extract:—"Mr. Ricardo speaks of the portion of the labour of the engineer in making stocking machines, as contained, for instance, in the value of a pair of stockings. Yet the total labour that produced each single pair of stockings . . . includes the whole labour of the engineer, not a portion; for one machine makes many pairs, and none of those pairs could have been done without any part of the machine" ("Observations on certain verbal disputes in Political Economy, particularly relating to Value, and to Demand and Supply," London, 1821, p. 54). The author, who is an unusually self-satisfied wiseacre, is only right in his confusion, and therefore in his contention, to the extent that neither Ricardo nor any prior or later economist has distinguished accurately the twofold aspect of labour, and skill, consequently, the part played by it in each aspect in forming value.

£150. Its value is fixed not by the labour-process of which as a means of production it is a necessary part, but by that process of which, as a product, it is itself the result. In the labour-process it only acts the part of a Use-value—an object possessing useful properties; and it cannot impart to the product any value which it did not itself previously possess (*mm*).

At the same time as productive labour is converting the means of production into the component elements of a new product, their value undergoes a sort of metempsychosis. It leaves the used-up body and enters into the body newly-created. But this metempsychosis goes on, so to speak, behind the back of the actual labour. The workman cannot add new labour, or create new value, without at the same time conserving old values, because the labour which he adds must be of specific utility; and he cannot do work which is useful unless he uses products as the means of producing other products, and thereby adds to the new product the value of the old. The capacity possessed by labour-power in operation (living labour) —the capacity to conserve value and add value by the same act, is thus seen to be a gift of nature which costs the workman

mm This will enable us to discern the absurdity of the notion of J. B. Say, who attempts to account for surplus-value (interests, profits, rent) by the *services productifs* rendered in the labour-process (through their use-values) by the means of production, land, implements, and raw material. Herr Wm. Roscher, who rarely misses an opportunity of recording, in black and white, clever apologetic fancies, gives the following examples:—"J. B. Say ('Traité,' vol. 1, chap. 4) very truly says: the value produced by an oil mill after deducting all costs, is something new, something altogether distinct from the labour by which the oil mill was erected" (*l.c.*, p. 82, note). Quite so, Mr. Professor! the oil which the mill produces is indeed something quite distinct from the labour spent in building the mill! Herr Roscher understands by value such a thing as "oil," because oil has value in spite of the fact that "Nature turns out petroleum," though comparatively "not much," a fact to which he no doubt alludes in another observation he makes:—"It (Nature!) produces hardly any exchange-value at all." Herr Roscher's "Nature," and the exchange-values produced by it, are not unlike the virgin who admitted that she had given birth to a child, but pleaded that it was "a very small one!" This same learned pundit continues thus:—"The school of Ricardo is accustomed to include capital, under the head of labour, as accumulated labour. This is clumsy (!) because (!) indeed (!) the possessor of capital (!) does after all (!) do more than the mere (?!) creating (?) and (??) preserving of the same; that is (??) he abstains from the enjoyment of it, for which he requires, for example (!!), interest" (*l.c.*). How "skilful" is this "anatomico-physiological" method of political economy, which "indeed" turns a simple desire, "after all," into a source of value! (The notes of exclamation and interrogation in this passage are Marx's own, and show admirably the scorn he feels for Roscher's "anatomico-physiological method."—J.B.)

nothing, but which is of immense profit to the capitalist, because it conserves the already existing value of his capital(*nn*).

While business is good, our capitalist is too much engrossed in his money-scraping to take much heed of this free gift of labour, but a sudden stoppage of the labour-process by a crisis makes him most keenly alive to it(*oo*).

With respect to the means of production, it is their use-value which is consumed, and by its consumption products result from the labour. The value of the means of production is not consumed(*pp*), and it cannot therefore be said to be reproduced. It is conserved, not because of any operation which it undergoes in the labour-process, but because the commodity in which it once existed has indeed vanished, but vanished into another product. It thus follows that while the value of the means of production reappears in the product, that value is not strictly speaking reproduced. What is reproduced is a new use-value, wherein the old exchange-value again appears(*qq*).

As regards the subjective factor of the labour-process—labour in operation—the case stands otherwise. While the labour, because it is labour of a special kind and with a special object, conserves the value of the means of production, and transfers that value to the product, the labourer, by the mere

nn "Of all the instruments of the farmer's trade, the labour of man . . . is that on which he is most to rely for the repayment of his capital. The other two—the working stock of the cattle, and the . . . . carts, ploughs, spades, and so forth—without a given portion of the first are nothing at all" (Edmund Burke: "Thoughts and Details on Scarcity, originally presented to the Right Hon. W. Pitt, in the month of November, 1795," ed. London, 1800, p. 10).

oo In the *Times* for Nov. 26th, 1862, a manufacturer, owning a mill in which 800 hands were employed, and in which the weekly consumption averaged 150 bales of East Indian, or 130 bales of American cotton, complains to the readers of that paper about the yearly expenses of his mill when standing, which expenses he puts at £6,000 per annum. In this sum he includes a number of items with which we are not now concerned —rent, rates, taxes, insurance, manager's, engineers, and bookkeeper's salaries, and so forth. Then we have £150 for coal used to warm the mill at times and to run the engine occasionally, and also the wages of the men employed now and then to keep the machinery in going order. Finally he sets down £1,200 for depreciation of machinery, on the ground that "the weather and the natural principle of decay do not suspend their operations because the steam-engine ceases to revolve." He expressly says he puts this depreciation at the low sum of £1,200 because the machinery is already in a nearly worn-out state.

pp "Productive consumption . . . . where the consumption of a commodity is a part of the process of production . . . . In these instances there is no consumption of value" (S. P. Newman, *l.c.*, p. 296).

qq In a compendium published in North America, and which has perhaps gone through twenty editions, is found the following passage:—"It

act of labouring, is every moment creating a new and additional value. Let us suppose the production-process to be stopped at the precise moment when the labourer has produced a value equal to that of his own labour power, when, for instance, he has by six hours' labour added a value of 3s. This value is that portion of the whole value of the product which remains as a surplus after taking away the value due to the means of production; and it is the only piece of value made during the process—the only part of the value of the product which the process creates. We do not overlook the fact that this new value simply recoups the money advanced by the capitalist in buying the labour-power, and expended by the labourer in buying the means of subsistence. As to the 3s. laid out, the new value of 3s. simply reproduces it; but it is notwithstanding, a real and not an apparent reproduction as is the case with the value of the means of production. The putting of one value in the place of another is here brought about by a new creation of value.

We know already, however, that the labour-process is continued beyond the point at which a simple equivalent for the value of the labour power is produced and embodied in the product. Six hours are enough for this latter purpose, but the labour process is carried on for twelve hours, we will say. The active operation of the labour-power thus not only reproduces merely its own value, but also produces a surplus or extra value. This surplus value is the excess of the value of the product over the value of the elements consumed in forming that product, those elements being the means of production and the labour power.

In representing the different *rôles* taken by the various

matters not in what form capital reappears." And then, after a long catalogue of all possible constituents of production whose value appears again in the product, the writer concluded as follows:—The various kinds of food clothing, and shelter necessary for the existence and comfort of the human being are also changed. They are consumed from time to time, and their value reappears in that new vigour imparted to his body and mind, forming fresh capital, to be employed again in the work of production." (F. Wayland, *l.c.*, pp. 31, 32). Setting aside all other absurdities, it is not, for example, the price of the bread which reappears in the new vigour, but its blood-forming material. On the other hand, what does reappear in the value of the new vigour is not the means of subsistence, but the value of those means. The very same necessaries of life, if procured at half the price, would produce just the same quantity of muscle and bone, just the same quantity of vigour, but the vigour would not be of the same value. This mixing up of "value" and "vigour," together with this writer's pharisaical want of definiteness reveal a useless attempt to thresh out surplus-value from the mere reappearanse of pre-existent values.

factors of the labour-process in forming the value of the product, we have at the same time characterised the several functions of the various constituents of capital in the process of increasing its own value. The excess of the whole value of the product over the sum total of the values of its factors, is the excess of the increased capital beyond the capital advanced at first. When the money was originally transformed into the different factors of the labour process, its value assumed two shapes—the means of production on the one hand and labour power on the other.

That portion of the capital which was spent on the means of production—*i.e.*, on raw material, auxiliary material, and tools or implements of labour, does not increase its value in the production process. I, therefore, call this portion the constant part of the capital, or briefly *constant capital*.

That portion of the capital which was spent in buying labour-power does, on the other hand, increase its value in the production process. It not only reproduces its own equivalent, but it also produces something more, a *surplus-value*, which may be more or less in quantity. This portion of the capital is continually being changed from a constant into a varying quantity. I, therefore, call this portion the variable part of the capital, or briefly, *variable capital*. Those constituents of capital, which, when regarded in the light of the labour-process, appear respectively as the *objective* and *subjective* factors, or means of production and labour-power appear when regarded in the light of the operation of creating surplus-value, as *constant* and *variable* capital.

This notion of constant capital does not by any means exclude the possibility of a change in the value of the constituent elements of that capital. Let us assume that one day the price of cotton is 6d. per lb., and that the next day, because of a failure in the cotton crop, the price rises to 1s. per lb. Every lb. of cotton bought at 6d. and consumed after the rise in price, transfers a value of 1s. to the product; so in like manner, does the cotton spun before the price advanced, and which is perhaps on the market in the shape of yarn, transfer twice its original value to the product. But it is nevertheless obvious that these changes of value are quite independent of the surplus-value added to the cotton by the labour of spinning. The old cotton could have been sold at 1s. per lb. instead of 6d. after the rise, even if it had never been spun at all; and on the other hand, the smaller the number of the processes which the cotton has undergone the more certain is this result. On this account it

is a rule with speculators to speculate in just that material upon which as little labour as possible has been spent—for example, they will speculate in yarn rather than in linen, and in cotton rather than in yarn. In the case we are now considering, the change of value does not arise in that process in which the cotton plays the *rôle* of the means of production, and in which it consequently figures as constant capital; the change of value occurs in that process by which the cotton is itself produced. It is quite true that the value of any commodity is fixed by the quantity of labour embodied in it, but that quantity is itself fixed by social conditions.[rr] If the time commonly and usually requisite to produce any commodity changes—and the same quantity of cotton, for instance, represents more labour in an unfavourable year than in a favourable one—a retrospective effect is produced upon all commodities of the same sort existing prior to the change, for they are only individual members of a species(*rr*), and their value at any given time is fixed by the labour necessary to produce them under the conditions existing at that time.

Just as the value of the raw material may change, so also a change may occur in the value of the instruments of labour—the machinery, and so on, used in the process; and, therefore, that part of the value of the product which is carried over to it from those means of production may change too. If, on account of a new invention, machinery of a certain sort can be produced at a less cost for labour, the old machines are more or less depreciated, and therefore transfer so much the less value to the product. But in this case also, the change in value arises independently of the process in which the machine takes part as a means of production. The machine cannot, in that process, transfer more value than it possesses independently of it.

Just as, on the one hand, an alteration in the value of the means of production (although it take place after they have begun to operate in the labour-process) does not change their character as constant capital, so on the other hand an alteration in the proportion borne by constant capital to variable capital will not change the respective functions of these two species of capital. The technical conditions under which the labour process is carried on may be so completely turned about that one man with one costly machine may consume a hundred times as much raw material as was formerly consumed

rr "All products of the same class form properly but one mass, the price of which is fixed generally, and without regard to particular circumstances" (Le Trosne, *l.c.*, p. 893).

by ten men using the implements of small value. In this case there would be a very great increase in the amount of the constant capital, *i.e.*, in the sum-total of the value of the means of production employed, and there would be also a great reduction in the amount of the variable capital, *i.e.*, in the capital invested in labour power. But such a revolution would only change the quantitative relation of the constant to the variable capital—in other words, it would only alter the proportion in which the capital was divided into its constituent elements of constant and variable, but it would not in the slightest degree affect the material distinction between the two.

CHAPTER IX.

The Rate of Surplus-Value.

1.—The Extent to which Labour-Power is exploited.

The surplus-value which the advanced capital C(*a*) has engendered in the production-process, or the realisation of the value of the advanced capital C, presents itself first as the excess of the value of the product over the sum total of the value of the constituent elements from which it is produced.

The capital C consists of two parts, *c* the money spent on the means of production, and *v*, the money spent on the labour-power; *c* is the part which is constant capital, and *v* the part which is variable capital. Thus at the outset $C=c+v$; for instance, a sum of £500 advanced as capital may be so laid out that $c = £410$ and $v = £90$. At the end of the production-process a commodity results the value of which $= (c+v)+s$, the *s* being the surplus-value; or reverting to the figures given above, the value of commodity produced may be (£410 *c* + £90 *v*) + £90 *s*. The original capital C has been converted into C', or £500 into £590. The difference, *s*, is a surplus-value of £90. Seeing that the value of the elements of the product equals the value of the capital advanced, it is in truth only tautology to say that the excess of the value of the product over the value of its elements is equal to the capital engendered in the process, *i.e.*, to the surplus-value produced.

This tautology, however, demands a closer examination. What we have to compare with the value of the product is the

(*a*) Throughout this analysis Marx has used the following signs;—
C to denote the capital advanced.
c ,, ,, the constant capital.
v ,, ,, the variable capital.
s ,, ,, the surplus value.
C' ,, ,, the capital advanced *plus s*, the surplus-value engendered in the labour-process.
v' ,, ,, value *plus* the increment of value added by labour.—J.B.

value of the elements consumed in its production. But we saw in the last chapter that the part of the constant capital which consists of the implements of labour transfers to the product but a small fraction of its value, and that the rest of that value still remains in those implements. This remainder takes no part in the formation of the product we are now dealing with, and therefore we may for the present leave it out of the account, although it would not affect matters if it were introduced into the calculation. Thus, in our last example, $c = £410$; let us suppose that this sum of £410 is made up thus :—

Value of raw material	£312
,, auxiliary material	44
,, machinery used up in the process	54
	£410

and that the whole value of the machinery made use of is £1,054. Of this sum of £1,054, we see that only £54 is advanced to complete this product, the machinery losing that sum of £54 in wear and tear during the process, and this is all that it transfers to the product. If we regard the £1,000 value which remains in the machinery as transferred to this product, we must also include it in the whole capital advanced, and it will thus enter into the calculation on both sides of the account(*b*) which would then stand at £1,500 (instead of £500) on the one side and £1,590 (instead of £590) on the other. The difference, *i.e.*, the surplus-value, would all the same be £90. When we speak, therefore, of constant capital advanced to produce value, we always refer, unless the meaning of the context obviously points in another direction, to the value of the means of production actually used up in the process.

Upon this understanding let us return to our formula $C = c + v$, which, as we have seen, is changed into $C' = (c + v) + s$, C that is, being changed into C'. We know that the value of the constant capital reappears, without change, in the product. The new value begotten in the process, the produced value is therefore quite different from the value of the product resulting from the process; that is to say, it is not, as may seem at a first glance, $(c + v) + s$, or $(£410 + £90) + £90$, but $v + s$, or $£90\ v + £90\ s$; not £590 but £180. If $c = nil$, or

(*b*) "If we reckon the value of the fixed capital employed as a part of the advances, we must reckon the remaining value of such capital at the end of the year as a part of the annual returns" (Malthus, "Princ. of Polit. Econ.," 2nd ed., London, 1836, p. 269.)

to put it another way, if branches of industry existed in which the capitalist could do without all the means of production resulting from previous labour, whether raw material, auxiliary material, or implements, and he only employed labour-power and materials supplied by nature, then there would be no constant capital to transfer to the product. That constituent element in the value of the product, which in our example is the £410, would be taken out of the account; but the £180, the new value engendered in the labour-process, and which includes £90 surplus-value, would remain quite as great as though *c* represented the highest possible value. We should then have $C = (nil + v) = v$, and C', the increased capital, $= v + s$; and thus, as before, $C' - C' = s$. Inversely, if $s = nil$, or, putting it in other words, if the labour-power, the value of which is advanced as variable capital, produced only its own equivalent, we should then have $C = c + v$, or C' (the value of the product) $= (c + v) + nil$, or $C' = C'$. In this case the advanced capital would have engendered no value.

We know already that surplus-value is merely the consequence of a change in the value of *v*, the part of the capital which is turned into labour-power; and therefore $v + s = v + v'$, or $v +$ an increment of *v*. But as a matter of fact it is only *v* which changes, and the conditions under which that change occurs are obscured by the fact that as the result of an increase in the variable part of the capital there is also an increase in the sum total of the capital advanced. It was £500 and it becomes £590. The pure analysis of the process requires us to make an abstraction from that part of the value of the product in which constant capital alone appears, and we must thus make the constant capital *c* equal to nothing, or $c = zero$, thus applying a rule of mathematics used in dealing with constant and variable quantities which are merely related to each other by addition or subtraction.

Another difficulty arises from the original form of the variable capital. In the above example $C' = £410$ constant capital, + £90, variable capital + £90, surplus value; £90 is, however a given and thus a constant quantity, and it seems absurd to treat it as a variable quantity. But "£90 *v*," or "£90 variable capital," is in this place merely a symbol representing the process which this value has undergone. The part of the capital advanced to buy labour-power is a fixed quantity of materialised labour, and is thus a constant quantity of value, like the value of the purchased labour-power. But in the production-process itself the place of the £90 is taken by active labour-power; living labour is

substituted for dead labour; a flowing quantity takes the place of a still quantity; instead of a constant there is a variable quantity. The consequence is the production of $v + \Delta v$, an increment of v. From the standpoint of capitalist production the entire transaction bears the aspect of an automatic movement of an originally constant value, which is transformed into labour-power. The process and its result are alike put to the capitalist's credit. When, therefore, such forms of expression as "£90 variable capital" or "self-increasing value" seem full of contradictions, it is because they express a contradiction which is inherent in the very nature of the capitalist mode of production.

The comparison of the constant capital with *nil* seems at first sight a strange process. Yet in daily business life nothing is commoner. If anyone wants, for example, to calculate the profits made in England from the cotton manufacture, he deducts first of all the amounts paid for cotton to the United States, India, Egypt, and so on; that is to say, he puts at *nil* the value of the capital which simply reappears in the value of the product.

The ratio of surplus-value to that part of the capital from which it directly arises, and the change of value of which it represents, as well as its ratio to the sum-total of the advanced capital, is of vast economic import. In our third Book we shall, therefore, deal exhaustively with this ratio. In order that one part of the capital may increase its value by being bartered for labour-power, another part of that capital must be bartered for the means of production. If variable capital is to play its part, a corresponding proportion of constant capital—a proportion fixed by the given technical character of the labour-process—must be advanced too. The fact, however, that retorts and other vessels are indispensable for a chemical operation, does not prevent the chemist from making his analysis without taking the retorts into consideration. If we contemplate the means of production simply and solely in their relation to the creating or increasing of value, they will be seen to be merely the vessel into which the value-creating force has to be poured(*c*). It is a matter of indifference

c Marx's illustration of the retort makes his meaning quite clear. The retort is the material vessel which holds the elements in which a chemical change is taking place, but it is a vessel merely, and takes no active part in the chemical change effected, though the change could not take place without the vessel to hold the elements. So the means of production are the vessel into which the value-creating power of labour is poured so as to convert capital into surplus-value.—J.B.

what this vessel is, whether cotton or iron; and its value is of just as little importance. It is only necessary that there shall be enough of it to absorb the *quantum* of labour expended while the production-process is going on. That sufficiency being certain, the value of the material may rise or fall, or, as in the case of earth or water, it may be nothing at all; but neither the creating of value nor the increasing of value will be interfered with(*d*).

We thus, in the first place, compare the constant capital to nothing; $c = nil$. The capital advanced is thus brought down from $c+v$ to v, and in the place of the value of the product $(c+v) + s$ we now have the value produced, $v+s$. If the value produced = £180, which amount thus represents the entire labour expended in the process, then taking from it £90, the value of the variable capital, we have left £90, the extent of the surplus-value. This amount, £90, or s, here expresses the absolute quantity of the surplus-value produced. Its proportionate quantity, however, and therefore the ratio in which the variable capital has increased, is evidently conditioned by the ratio of the surplus-value to the variable capital, or is expressed by $\frac{s}{v}$. In the above example this ratio is $\frac{90}{90}$, which shows an increase of 100 per cent. This relative augmentation of the value of the variable capital, or the relative extent of the surplus-value, I call "the rate of surplus-value"(*e*).

It has been shown that during one part of the labour-process the workman produces merely the value of his own labour-power—the value of his means of subsistence. Seeing that his labour is part and parcel of a system which is founded on the social division of labour, he does not produce directly the actual necessaries of life which he himself consumes; instead of that he produces some particular commodity, say yarn, the value of which equals the value of those necessary means of subsistence, or is equal to the value of the cash with which such necessaries may be bought. The extent of time spent in this way will be greater or less in proportion to his daily average necessities, or, which is really the same thing, in proportion to the average

d It is self-evident, as Lucretius has it, that "nil posse creari de nihilo," out of nothing nothing can come. "Value-creating" is turning labour-power into labour, and labour-power itself arises from the assimilation of food in the human organism.

(*e*) Just as the English use the expressions "rate of profit," "rate of interest." It will be seen in the third Book that there is no mystery in the rate of profit after we know the laws which govern surplus-value. When this process is reversed it is impossible to understand either the one or the other.

labour-time necessary to produce them. If the average value of those necessaries of life represents six hours' labour, the average work to be done to produce that value will be six hours. If he worked for himself instead of for the capitalist, he would, if things were in other respects the same, still have to work the same number of hours to produce the value of his labour-power, and thus obtain the means of subsistence required for his maintenance and continued reproduction. But, seeing that during the part of his day's work in which he produces the value of his own labour-power, say 3s., he only produces the equivalent of the value of his labour-power advanced beforehand by the capitalist, he only replaces, by the newly created value, the variable capital which has been advanced. It is on this account that the production of new value to the extent of three shillings looks like a simple reproduction. That part of the working day in which this reproduction is effected, I will call "*necessary* labour-time," and the labour expended during that part of the day I will call "*necessary* labour"(*f*). It is necessary so far as concerns the workman, because it is independent of the special social form which his labour takes; and it is necessary so far as concerns the capitalist and the sphere in which he moves, because their existence depends on the continual existence of the labourer.

In the second period of the labour-process, in which the labourer drudges beyond the limits of necessary labour, he expends labour-power, but makes no value for himself. He makes surplus-value, which causes the capitalist to smile, and which has for him all the attractive grace of a creation out of nothing. This part of the day I call "*surplus* labour-time," and the labour done in that period I call "*surplus* labour." It is as essential, for a correct comprehension of surplus-value, to regard it as mere solidified surplus-labour-time—as mere embodied surplus-labour—as it is for a correct comprehension of value to regard it as mere solidified labour, as mere embodied labour. It is only in the manner in which this surplus-labour is crushed out of its direct producer, the labourer, that various economic forms of society differ, *e.g.*, a

(*f*) In this work I have hitherto used the expression "necessary labour-time," to describe the time required, under fixed social conditions, to produce any commodity. In future, I shall use it to describe also the time required to produce the special commodity labour power. The use of the same technical expression in different senses is precarious, but in no science can this be avoided. Compare, *e.g.*, the higher and lower branches of mathematics.

community based on slave labour and one based on wage-labour(*g*).

As the value of the variable capital=the value of the labour-power bought by it, and the value of the latter fixes the necessary portion of the day's work; and as the surplus-value is fixed by the surplus part of the day's work; the result is that surplus-value stands in the same proportion to variable capital as surplus-labour does to necessary labour; or the rate of surplus-value; $\frac{s}{v} = \frac{\text{surplus-labour}}{\text{necesssary labour}}$. These two ratios, $\frac{s}{v}$ and $\frac{\text{surplus-labour}}{\text{necessary labour}}$, express the same idea in different ways; the first in the form of embodied labour, the second in the form of labour in active flow.

"The rate of surplus-value" is thus the exact equivalent for "the extent to which labour power is exploited by capital," or "the degree in which the workman is exploited by the capitalist" (*h*).

In the example we have assumed that the value of the product = £410 constant capital + £90 variable capital + £90 surplus-value, the capital advanced being £500. Seeing that the surplus-value is £90, and the advanced capital £500, we should, if we reckoned in the ordinary way, find the rate of surplus-value (usually confounded with rate of profits) to be 18 per cent., a rate so low that it would no doubt pleasantly surprise Mr. Carey and some other economists. But as a matter of fact the rate of surplus-value equals not

(*g*) Herr Wilhelm Thucydidus Roscher has made the profound discovery that if in our day the creating of surplus-value or surplus-produce, and the resultant piling up of capital, are due to the "thrift" of the capitalist, on the other hand "in the lowest spheres of civilisation the strong force the weak to economise" (*l.c.* p. 78). To economise labour, or non-existent products? Besides their real ignorance, it is an apologetic fear of a scientific analysis of value and surplus-value, and of obtaining a result not quite palatable to the powers that be, which drives Roscher and his like to account for surplus-value by warming up the excuses, more or less plausible, offered by the capitalist for his pocketing of surplus-value.

(*h*) The rate of surplus value is the equivalent of the ratio in which labour-power is exploited, but it is not by any means an equivalent of the *amount* of the exploitation. Thus if the necessary labour = 5 hours and the surplus-labour = 5 hours, the ratio of exploitation is 100 per cent. The amount is here 5 hours. But if the necessary labour and the surplus labour each equal 6 hours, the ratio remains 100 per cent, while the *amount* of exploitation has risen from 5 hours to 6 hours, or 20 per cent.

$\frac{s}{c}$ or $\frac{s}{cv}$, but $\frac{s}{v}$; and it is therefore not $\frac{90}{50}$ but $\frac{90}{90}$, or 100 per cent., or more than five times as much as the *apparent* ratio of exploitation. Although in our supposed example we do not know how long the working day actually is, or how long the labour process continues in days or weeks, or the number of workmen employed, yet the rate of surplus-value $\frac{s}{v}$ shows us exactly, when turned into its equivalent expression $\frac{\text{surplus-labour}}{\text{necessary labour}}$, what relation exists between the two portions of the working day. In the case under consideration this relation is one of equality, as the rate is 100 per cent. It is thus very plain that in this case the labourer works half the day for himself and the other half for the capitalist who employs him.

The mode of reckoning the rate of surplus-value is briefly this. Take the total value of the product, and put at *zero* the constant capital which simply reappears in that total. What is left is the only value which has really been created in the process of commodity-production. If the amount of surplus-value is known, we have simply to deduct it from this remainder and we shall then find the variable capital. If both elements are given, we have nothing to do but work out the last operation, that is, calculate $\frac{s}{v}$, the ratio of the surplus-value to the variable capital.

This method is very simple, but the reader will do no harm by exercising himself with an example or two, in applying the somewhat novel ideas which form the basis of it.

Let us in the first place take as an example a spinning-mill containing 10,000 mule spindles, working at No. 32 yarn from American cotton, and turning out at the rate of a pound of yarn per week at each spindle. The cotton which is sure to be consumed in waste is about 6 per cent., that is 600 lbs, so that altogether 10,600 lbs of cotton will be used up weekly. In April, 1871, the price of the cotton was $7\frac{3}{4}$d. a pound, and therefore, the raw material costs, roundly, £342. We will assume that the 10,000 spindles, including the machinery required to make them, cost £1 a piece: total, £10,000. We will put wear and tear at £1,000 a year—say £20 a week. The rent we will take at £300 a year—say £6 a week. Reckoning the coal used (for 100 H. P. indicated) at 4lbs of coal per hour per horse-power

for 60 hours, and taking into account also the coal used in warming the mill, the coal bill will be 11 tons a week at 8s. 6d. per ton—say £4 10s. a week; gas £1 a week; oil and sundries £4 10s. a week. The total outlay for these auxiliary materials will thus be £10 a week. The constant capital in the value of the products for the week will thus be £378, as under:—

Raw Material	£342
Rent	6
Wear and Tear	20
Auxiliary Material	10
	£378

The wages amount to £52 a week. The price of the yarn produced is 12¼d. a lb., so that the value of 10,000lbs., the weekly output, will be £510. The surplus-value is thus £510 —(378 + £52) = £80. The constant value in the product, which takes no part in the process of value-creating, we put at *zero*. There is left £52 variable capital + £80 surplus-value, which together = £132. The rate of surplus-value is thus $\frac{80}{52}$, that is $153\frac{11}{13}$ per cent. Assuming the labour to be average labour, the result of a working day of ten hours is (*i*):—

	hours
Necessary labour...	$3\frac{31}{33}$
Surplus labour	$6\frac{2}{33}$
	10 hours

Take another example. Jacob gives this example, from the year 1815. It is imperfect, because several items had been previously adjusted; but it will suffice for our purpose. The price of wheat is taken at 8s. a quarter, and the average yield 22 bushels an acre:—

VALUE PRODUCED PER ACRE.

	£	s.	d.		£	s.	d.
Seed	1	9	0	Tithes, Rates and Taxes	1	1	0
Manure	2	10	0	Rent	1	8	0
Wages	3	10	0	Farmer's Interest and Profit	1	2	0
Total	£7	9	0		£3	11	0

(*i*) The above facts were given to me by a Manchester spinner, and are reliable. In former times the horse-power of an engine was, in England, reckoned by the diameter of the cylinder, but the horse-power shown by the indicator is now taken.

Taking the price of the product to be the same as its value, the surplus-value in the above case will be found placed under various heads, as profit, interest, rent and so on. With the details of these items we are not concerned, we merely total them, the result being a surplus value of £3 11s. The £3 19s. paid for manure and seed is constant capital, and we take it at *zero*. We then have left £3 10s., the variable capital advanced, in the place of which has been produced a new value of £3 10s. + £3 11s. Thus in this example $\frac{s}{v} = \frac{£3\ 11s.\ 0d.}{£3\ 10s.\ 0d.}$, which shows a rate of surplus value of over 100 per cent. The labourer works more than half of every day in producing this surplus-value, which various people under cover of many excuses, divide amongst themselves(*k*).

Section II.—The Analysis of the Value of the Product into its Component Parts.

We will now go back to the example by which we saw how the capitalist turns his money into capital.

In the working-day of 12 hours are produced 20 lbs. of yarn, value 30s. As much as 8-10ths of this value, or 24s., is made up of constant capital; *i.e.*, it is a simple reappearance of the value of the means of production consumed—20s., the value of 20lbs. of cotton, 4s., the value of the spindle worn away. The other 2-10ths, or 6s., represent the new value created during the process of spinning; one half of this 6s. represents the value of the labour-power for the day, and the other half is 3s. surplus value. The 30s. representing the value of the yarn produced is therefore made up thus:—

	s.
Constant Capital	24
Variable Capital	3
Surplus Value	3
Value of yarn	30s.

(*k*) These calculations are merely given as illustrations. We assume that prices = values; but in Book III. we shall find that, even for average prices, this assumption cannot be made in such a simple fashion.

Seeing that the 20lbs. of yarn spun contains the whole of this 30s., it follows that the constituent parts of that value may be represented by corresponding constituent parts of the product.

If a value of 30s. is contained in 20lbs of yarn, 8-10ths of that value, or the 24s. forming its constant portion, are contained in 8-10ths of the product—*i.e.*, in the 16 lbs. of yarn. Of this 16lbs., $13\frac{1}{3}$lbs. represent the value of the raw material (20s. worth of cotton), and $2\frac{2}{3}$lbs. represent the value of the auxiliary material and means of production consumed (4s. worth of spindle, etc.).

Thus the whole of the cotton consumed in spinning 20lbs. of yarn is represented by the $13\frac{1}{3}$lbs. of yarn, but nothing further. It is true that the $13\frac{1}{3}$lbs. of yarn, regarded as so much weight, contains only $13\frac{1}{3}$lbs of cotton, worth $13\frac{1}{3}$ shillings; but the $6\frac{2}{3}$ shillings extra value contained therein are the equivalent of the cotton used up in spinning the other $6\frac{2}{3}$lbs. of yarn. The result is the same as though the said $6\frac{2}{3}$lbs. of yarn contained no cotton at all—just as though the entire 20lbs. of cotton were embodied in the $13\frac{1}{3}$lbs. of yarn. This latter weight ($13\frac{1}{3}$lbs.) of yarn, however, contains not a single atom of the value, either of the auxiliary material and tools or of the newly-created value. Just in the same way the $2\frac{2}{3}$lbs. of yarn in which the balance (4s.) of the constant capital is concentrated, represents nothing whatever beyond the value of the auxiliary material and tools.

We are therefore led to this result—that although 16lbs. of yarn, being 8-10ths of the product, are as a use-value just as much the outcome of the spinner's work as the rest of the product, yet, regarded from our present point of view, those 16lbs. of yarn embody none of the labour expended in the spinning process. It is the same thing as if the cotton had turned itself into yarn without extraneous help; the same thing as though its present shape as yarn had been assumed by the aid of jugglery and deception; for the moment the capitalist parts with it for 24s., and with that amount buys new means of production to replace those used up, it is palpable that this 16lbs. of yarn is nothing more than so much disguised cotton and spindle waste.

But it is a different case with the 4lbs. of yarn forming the other 2-10ths of the product, for this balance represents nothing else but the newly-created value of 6s. which came into existence during the twelve hours' spinning. The value to be carried over from the raw material and tools into those

4lbs. of yarn was stopped on its way, and embodied in the first 16lbs. of yarn turned out. With regard to these 4lbs. of yarn, the result is the same as though the workman had spun them out of the air, or as if he had spun them with cotton and spindle which instead of costing money had been the gift of nature, and had thus transferred no value to the product.

Of this 4lbs. of yarn (which contains within itself the entire value created during the day's work), one half, 3s., is the equivalent of the value of the day's labour, and the other 3s. is the surplus value created.

Now, 12 hours of spinner's labour are embodied in this 6s., and therefore in yarn worth 30s. there are embodied 60 working hours. And as a matter of fact this amount of labour time is contained in the 20lbs. of yarn, because in 8-10ths of it (16lbs.) are embodied the 48 hours' labour consumed in producing the means of production before the spinning could begin, and in the other 2-10ths (4lbs.) are embodied the 12 hours' work done while the spinning process was going on.

We have previously seen that the whole value of the yarn = the new value created during the spinning process + the value embodied beforehand in the means of production; and we have now explained how the total value of the product may be split up into its component parts, which are functionally different one from the other.

This operation of splitting up the product (the result of the spinning operation) into its constituents—of which the first represents the *constant capital* (the labour previously spent on the means of production), the second the *variable capital* (the *necessary* labour consumed in the process), and the third the *surplus*-value (the *surplus*-labour consumed in the process)—is simple enough, but it is of great importance, as we shall see further on when we come to apply it to the solution of complicated and as yet unsolved problems.

We have just regarded the total product as the finished result of a day of 12 hours. But we can also trace this total product through every stage of its production; and by this means we shall come to the same result if we take the portion of the product given off at each stage as a functionally different portion of that total product.

The spinner turns out 20lbs. of yarn in 12 hours, or $1\frac{2}{3}$lbs. per hour; and therefore in 8 hours he produces $13\frac{1}{3}$lbs. of yarn, or a partial product which equals in value the whole of the cotton turned out in the day. In the next 1 hour 36 minutes he turns out $2\frac{2}{3}$lbs. of yarn, which equals in value the tools consumed in the day. In the next 1 hour 12 minutes he

turns out 2lbs. of yarn, value 3s., which equals the total value created during the 6 hours of necessary labour. And in the last 1 hour 12 minutes he turns out another 2lbs. of yarn, the value of which is equal to the surplus-value which he creates during the 6 hours of surplus labour. This mode of reckoning answers the purpose of the English manufacturer for all ordinary purposes; thus, for instance, it shows him that the first 8 hours or $\frac{2}{3}$rds of the day represents the cotton used up; and so on. And this mode of reckoning is just; it is, indeed, the first of the processes given above, only instead of being applied to space in which the finished products lie along side each other, it is applied to the time in which they are successively turned out. But this mode of reckoning may be accompanied by barbarous notions, particularly in the minds of men who are as deeply interested in understanding the practical process of making value beget value, as they are in misunderstanding the theoretical side of that same process. Such men, for instance, may conceive that the spinner devotes the first 8 hours of his day's work to producing the *value* of the cotton used up; that he devotes the next 1 hour 36 minutes to producing the *value* of the wear and tear of tools; that he devotes the next 1 hour 12 minutes to producing the *value* of his wages; and that finally he devotes only the celebrated "last hour" to producing surplus-value for his master. The workman is thus credited with the double miracle of producing the cotton, the spindles, the engine, the coal, the oil, etc., at the very same time as he is spinning by their aid, and also of converting one working day into five working days; for we must bear in mind that in the case now under consideration four days are needed to produce the raw material and tools, and another day is required to turn the cotton into yarn. That the love of money leads men to an easy belief in such "miracles," and that sycophantic doctrinaires may always be found to prove them, is shown by the following incident, which is now a matter of history.

Section III.—Senior's "Last Hour."

One fine day in the year 1836 Nassau W. Senior, who on account of his economic science and his fine style may be named the prince of English economists, was called from Oxford to Manchester to learn in the latter city the political economy which he taught in the former. The Manchester men chose him as their trumpeter because of the then recently passed Factory Act, and also because of the still more

threatening Ten Hours' Agitation. With their usual practical keenness they had detected that Mr. Professor "wanted a good deal of finishing," and therefore they wrote and invited him to Manchester; and the Professor, on his part, has embodied the lecture he got from the Manchester cotton lords in a pamphlet, entitled "Letters on the Factory Act as it affects the Cotton Manufacture" (London, 1837). In this pamphlet we come across the following instructive passage:—

"Under the present law, no mill in which persons under 18 years of age are employed can be worked more than 11½ hours a day, that is, 12 hours for five days in the week, and 9 on Saturday. Now the following analysis (I) will show that in a mill so worked, the whole net profit is derived *from the last hour*. I will suppose a manufacturer to invest £100,000:—£80,000 in his mill and machinery, and £20,000 in raw material and wages. The annual return of that mill, supposing the capital to be turned once a year, and gross profits to be 15 per cent., ought to be goods worth £115,000. . . . Of this £115,000, each of the 23 half-hours of work produces 5-115ths, or one twenty-third. Of these 23-23rds (constituting the whole £115,000) twenty, that is to say £100,000 out of the £115,000, simply replace the capital; one twenty-third, or £5,000 out of the £15,000 gross profit (I), makes up for the deterioration of the mill and machinery. The remaining 2-23rds, that is, the last two of the 23 half-hours of every day, produce the net profit of ten per cent. If, therefore (prices remaining the same), the factory could be kept at work 13½ hours instead of 11½, with an addition of about £2,600 to the circulating capital, the net profit would be more than doubled. On the other hand, if the hours of working were reduced by one hour per day (prices remaining the same), the net profit would be destroyed; if they were reduced by one hour-and-a-half, even the gross profit would be destroyed"(*a*).

a) Senior, *l.c.*, pp. 12, 13.—We pass by such curiosities in this passage as are of no bearing on our present purpose; the statement, *e.g.*, that manufacturers regard as part of their profit, whether gross or net, the outlay necessary to make good the wear and tear of machinery—that is, to replace part of their capital. We also leave untouched the accuracy of Senior's figures. Mr. Leonard Horner, in "A Letter to Mr. Senior" (London, 1837), showed that Senior's figures are as valueless as his so called "Analysis." Leonard Horner was on the Factory Inquiry Commission in 1833, and an Inspector or Censor of Factories till 1859, and rendered never-to-be-forgotten service to the working classes in England. He maintained a life-long battle not only with embittered employers of labour, but also with Cabinet Ministers, who regarded the number of votes given by them in the House of Commons as far more important than the number of hours worked by the mill-hands.—

And our Professor dubs this an "analysis!" If he believed the clamour of the manufacturers to the effect that the workman spent the greater part of the day in the production—that is, the re-production—of the buildings, cotton, machinery, coal, &c., that analysis was quite superfluous. In that case he would have made answer thus:—"Gentlemen! If you have 10 hours' work done instead of 11, then, other conditions being the same, the daily quantity of cotton, machinery, &c., consumed will decrease in like proportion. Your gain will equal your loss. Your mill-hands will in future spend an hour and-a-half less in reproducing the capital advanced." If, on the other hand, he did not believe off-hand in that clamorous crew, but, as an expert, thought an analysis was needed, then he ought by all means, in treating a question which concerned exclusively the relation between the net profit and the length of the working day, to have asked the manufacturers to guard against mixing up together machinery, workshops, labour, and raw material, but to place on one side of the account the constant capital laid out in buildings, raw material, machinery, and so on, and to put the capital spent in wages on the other side. If the professor, after doing this, had found, agreeably to the calculations of the Manchester men, that the workman reproduced his wages in two half-hours, he should have continued his analysis somewhat in the following fashion:—

"Taking your own figures, the labourer produces in the last hour but one his wages, and in the last hour your surplus-value or profit. But seeing that he must produce equal values in equal times, it follows that what he produces in the last hour but one will be of the same value as what he produces in the last hour. Moreover, it is only while he is at work that he can produce value of any sort whatever, and the quantity of labour he does is reckoned by his labour-time. This, we know, comes to 11½ hours a day. One part of these 11½ hours

Senior's statement, quite apart from blunders in principle, is very confused. What he meant to say was, that the master employs the workman for 11½ hours or 23 half-hours every day; the working year, like the working day, may be taken to contain 11½ hours or 23 half-hours, (multiplied by the number of working days in every year). This being understood, the 23 half-hours show an annual product of £115,000; one half-hour shows $\frac{1}{23}$ of £115,000; 20 half-hours show $\frac{20}{23}$ of £115,000 or £100,000—that is, they only replace the capital advanced. There are left three half-hours, which show $\frac{3}{23}$ of £115,000, or £15,000, as the gross profit. One of these three half-hours shows $\frac{1}{23}$ of £115,000 or £5,000, and replaces wear and tear of machinery; the other two half-hours (the last hour) show $\frac{2}{23}$ of £115,000, or £10,000 as the net profit. In the text Senior changes the last $\frac{2}{23}$ of the product into parts of the working day itself.

goes to producing or replacing his wages, and the other to producing net profit. Besides this he does nothing at all. But as his wages and his surplus-value are of equal value, it must necessarily follow that his wages are produced in $5\frac{3}{4}$ hours, and his net profit in the other $5\frac{3}{4}$ hours. Then again, as the value of the yarn produced in 2 hours equals the sum of the values of his wages and of net profit, the value of this yarn must be measured by $11\frac{1}{2}$ working hours, of which number $5\frac{3}{4}$ measure the value of the yarn produced in the last hour but one, and the other $5\frac{3}{4}$ the value of that produced in the last hour. Now we come to the point. The last working hour but one is simply an ordinary working hour like the first. But then how can the spinner produce in one hour value that embodies the labour of $5\frac{3}{4}$ hours? He does not do so. The use-value which he produces in one hour is a certain definite quantity of yarn. The value of this yarn is indicated by $5\frac{3}{4}$ working hours, of which number $4\frac{3}{4}$ were previously embodied in the means of production, viz.: the machinery, material, &c., and only the remaining hour is added by him. Therefore as his wages are produced in $5\frac{3}{4}$ hours, and the yarn produced in one hour also contains $5\frac{3}{4}$ hours' labour there is no mystery in the result that the value he creates by the spinning of $5\frac{3}{4}$ hours equals the value of the product of one hour's spinning. If you imagine that he spends one minute of his working day in reproducing or replacing the values of the cotton, machinery, etc., you are on the wrong tack entirely. On the other hand, it is just because he spins, and thus turns cotton and spindles into yarn, that the value of the cotton and spindles moves over of its own accord into the yarn. This result follows not from the quantity, but from the quality of his labour. Of course, he will carry over into the yarn, in the shape of cotton, more value in an hour than half-an-hour; but that happens because in an hour he uses up more cotton than he does in half-an-hour. You can, therefore, see that your statement that the workman produces the value of his wages in the last hour but one of his day, and your net profit in the last hour, comes merely to this—that in the yarn produced in any two working hours, whether the first two or the last two, $11\frac{1}{2}$ working hours are embodied (just a day's work)—that is, two hours of his own work, and $9\frac{1}{2}$ of somebody else's. And my statement that he produces his own wages in the first $5\frac{3}{4}$ hours, and produces your net profit in the second $5\frac{3}{4}$ hours, comes simply to this, you pay him for the first, but not for the second. When I talk of paying for *labour*, instead of paying for *labour-power*, I only use the slang current amongst your-

selves. Now, my friends, just compare the time for which you do pay with the time for which you do *not* pay, and you will see that they are in the ratio of half-a-day to half-a-day; in other words, 100 per cent., and a very nice percentage it is, too. Go a little further, and you will see it is beyond all doubt that if you make your labourers work 13 hours instead of $11\frac{1}{2}$, and, after your fashion, treat that extra hour-and-a-half as simple surplus-labour, that surplus-labour is really increased from $5\frac{3}{4}$ hours to $7\frac{1}{4}$ hours, and the surplus-value is proportionately swelled out from 100 per cent. to $126\frac{2}{23}$ per cent. Thus you are altogether too hopeful if you think that by adding $1\frac{1}{2}$ hours to the working day, you will send up your profits from 100 per cent. to over 200 per cent., or more than double. And, on the other hand—the heart of man is a wondrous machine, especially when he carries it in his purse—you are too desponding if you fear that by reducing the labour hours from $11\frac{1}{2}$ to 10 you will scatter all your profit to the winds. No such thing. If the other conditions remain unaltered, the surplus labour will drop from $5\frac{3}{4}$ hours to $4\frac{3}{4}$ hours, which still affords $82\frac{14}{23}$ per cent. of surplus value—a rate of percentage not to be despised. This fearful "last hour," as to which you have invented more stories than have been told about the day of judgment, is all rubbish. If it is lost, it will not cost you your net profit, nor will it cost the young men and maidens, who work for you, their 'purity of mind'(*b*). When *your* 'last hour' shall strike in real earnest,

(*b*) If on his part Senior tried to show that the manufacturers' net profit, the existence of the English cotton trade, and England's control over the world's markets, all depended on the "last hour," Dr. Andrew Ure, on his part, showed that if young people under eighteen were turned out one hour sooner into the cruel and careless outer world, instead of being kept during that hour in the pure moral atmosphere of the workshop, idleness and vice would deprive them of all hope of ever saving their immortal souls. Ever since 1848, Factory Inspectors have never been weary of satirising the masters with this "last" and "fatal hour." Mr. Howell, in a Report of 31st May, 1855, says:—"Had the following ingenious calculation (quoting from Senior) been correct, every cotton factory in the United Kingdom would have been working at a loss since 1850" (Reports of the Inspectors of Factories for the half-year ending 30th April, 1855, pp. 19, 20). In 1848, after the Ten Hours' Bill was passed, the owners of some flax spinning mills sparsely scattered about the country on the confines of Dorsetshire and Somersetshire, foisted a petition against this Bill upon a small number of their workmen, one of the clauses in which runs thus:—"Your Petitioners, as parents, conceive that an additional hour of leisure will tend more to demoralise the children than otherwise, believing that idleness is the parent of vice." The Factory Report of 31st October, 1848, remarks on this:—"The atmosphere of the flax mills, in which the children of these virtuous and tender parents

ponder the words of the Oxford professor. And now, gentlemen, 'Good-bye,' and though we may meet in another world, I hope not in this."

Senior set up his war-cry of "the last hour" in 1836(*c*).

work, is so loaded with dust and fibre from the raw material that it is exceptionally unpleasant to stand even ten minutes in the spinning rooms, for you are unable to do so without the most painful sensation, owing to the eyes, the ears, the nostrils, and mouth, being immediately filled by the clouds of flax dust, from which there is no escape. The labour itself, owing to the feverish haste of the machinery, demands unceasing application of skill and movement, under the control of a watchfulness that never tires; and it seems somewhat hard to let parents apply the term 'idling' to their own children, who, after allowing for meal times, are fettered for ten whole hours to such an occupation in such an atmosphere. . . . . These children work longer than the peasants in the neighbouring villages. . . . . Such cruel talk about 'idleness and vice' ought to be branded as the purest cant and the most shameless hypocrisy. . . . . That portion of the public who, about 12 years ago, were struck by the assurance with which, under the sanction of high authority, it was publicly and most earnestly proclaimed that the whole net profit of the manufacturer flows from the labour of the last hour, and that therefore reduction of the working day by one hour would destroy his net profit—that portion of the public, we say, will hardly believe its own eyes when it now finds that the original discovery of the virtues of 'the last hour' have since been so far improved as to include morals as well as profit, so that if the duration of the labour of children is reduced to a full 10 hours, their morals, together with the net profits of their employers will vanish, both being dependent on this last, this fatal hour." (Reports of Inspectors of Factories for Oct. 31st., 1848, p. 10.) The same Report proceeds to give a few specimens of the morality and virtue of these pure-minded men, of the deceits and subterfuges, as well as threats, which they brought to bear, first of all, on a handful of helpless workmen to induce them to sign such petitions, and afterwards to foist these Petitions on Parliament as representing the opinion of one branch of industry or of the entire working population. It reveals the lamentable condition of (so-called) economic science to bear in mind that neither Mr. Senior (though later on he upheld the Factory legislation to the extent of his power) nor those who opposed him, have ever yet been able to expose the obvious fallacies of the "original discovery" as to the "last hour." They make an appeal to experience, while the why and the wherefore escapes them altogether.

(*c*) All the same the learned gentleman derived some benefit from his journey to Cottonopolis. In his "Lectures on the Factory Act" he causes the net gains—*i.e.*, the "profit," "interest," and "something more" besides, to depend on one single hour's work of the workman. A year before that, in his "Outlines of Political Economy,"—a book written for the delectation of Oxford students and cultured Philistines—he "discovered, in opposition to Ricardo's determination of value by labour, that profit is derived from the labours of the capitalist, and interest from his asceticism"—in other words, from his "abstinence." The trick was old, though the phrase was new. Roscher rightly turns it into "Enthaltung"—"holding in." Some of the Browns, Joneses, and Robinsons of Germany, not so well up in Latin as Roscher, translated it "Entsagung"—'renunciation."

Later on James Wilson, an economic prophet of high degree, raised it again on the 15th April, 1848, in the *London Economist*, in opposition to the Ten Hours' Bill.

Section IV.—Surplus Produce.

Surplus produce is that portion of the product which represents the surplus-value—which in the example in Sec. 2 was one-tenth of the 20lbs. of yarn, *i.e.*, 2lbs. The rate of surplus-value is fixed by the proportion it bears to the variable capital, and not to the whole, in the same way as the proportionate part of surplus produce is fixed by its ratio to that part of the whole produce in which necessary labour is embodied. Seeing that to produce surplus-value is the be-all and end-all of the capitalist mode of production, it is obvious that the wealth of a man or of a community must be measured by the proportionate value of the surplus-produce, and not by the absolute total turned out(*a*). The total of the necessary labour and the surplus-labour, *i.e.*, of the times in which the labourer replaces the value of his labour-power and produces surplus-value—completes his actual labour-time, that is to say, his working day.

END OF CHAPTER IX.

(*a*) Ricardo (p. 416, *l.c.*) says:—"To an individual with a capital of £20,000, whose profits were £2,000 per annum, it would be a matter quite indifferent whether his capital employed 100 or 1000 men, whether the commodity produced sold for £10,000 or £20,000, provided, in all cases, his profit were not diminished below £2,000. Is not the real interest of the nation similar? Provided its net real income, its rent and profits, be the same, it is of no importance whether the nation consists of ten or twelve millions of inhabitants." Long before Ricardo's time Arthur Young, an enthusiastic advocate of surplus profits, and otherwise a wild and loose writer, whose repute is in inverse ratio to his merit, said:—"Of what use in the modern kingdom would be a whole province thus divided [according to the old Roman custom, by small independent workers] however well cultivated, except for the mere purpose of breeding men, which taken singly is a most useless purpose?" (Arthur Young:—"Political Arithmetic, etc.," London, 1774, p. 47). Very curious is "the strong inclination. . . . . to represent net wealth as beneficial to the labouring class . . . . . though it is evidently not on account of being net," (T. Hopkins, "On Rent of Land, etc.," London, 1823, p. 126).

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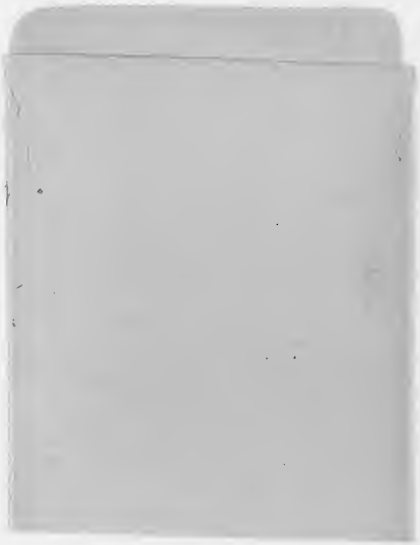

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